

**The TJX Companies, Inc.**

**Annual Report 1999**

A black and white photograph of a woman standing on a cobblestone street. She is wearing a white turtleneck sweater and a dark, patterned skirt. Her arms are outstretched to the sides, and she is looking towards the camera. The background shows a street with buildings and a large, dark, angular structure on the left.

**Expanding  
our Reach**

**The TJX Companies, with almost \$9 billion in sales, is the leading off-price retailer of apparel and home fashions in the U.S. and worldwide. Since the 1995 acquisition of Marshalls, TJX has consolidated two major businesses very profitably and has positioned itself as a synergistic group of six cohesive businesses. We have built on our success at T.J. Maxx and Marshalls and continue to expand our reach to new countries, new product lines and new demographic markets.**

- T.J. Maxx and Marshalls, our core divisions with over 1,100 stores in total throughout the U.S., continue to open stores in many markets.**
- Winners Apparel, the leading off-price retailer in Canada, with 100 stores, continues to successfully add stores throughout that country.**
- HomeGoods, with 51 stores, is slated for aggressive growth, expanding upon TJX's almost \$2 billion presence in the home fashions arena.**
- T.K. Maxx, with 54 stores, is patterned after T.J. Maxx and is expanding rapidly through store openings in the U.K. and Ireland.**
- A.J. Wright, with 15 stores in the U.S., is our youngest division and reaches a new demographic market — the moderate income customer.**
- TJX remains committed to reaching out to the communities in which we have a business presence, as an active participant in the Welfare-to-Work Program and having funded over 550 charitable causes in 1999.**

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### *Strength in Leadership*

*Since his founding of T.J. Maxx in 1976, Bernard (Ben) Cammarata has been at the helm of our business. He served as President of T.J. Maxx from 1976 to 1986 and as President and Chief Executive Officer of The TJX Companies since 1987. In 1999, he became Chairman of the Board. Ben, through his vision, knowledge and dedication, embodies the word leader. He has taught everyone, by example, that hard work and compassion for humankind will be rewarded. Under Ben's leadership, TJX has not only grown to be the successful Company it is today, but is also extremely well positioned for future growth.*

*On March 9, 2000, the Company announced that Edmond (Ted) English, President of The TJX Companies, would be promoted and assume the title of Chief Executive Officer on April 17, 2000. Further, it was announced that Ben Cammarata would continue in his capacity as Chairman, focusing the majority of his time and efforts on the Company's strategic growth. This marked the culmination of a thoughtful, deliberate and gradual senior executive succession plan.*

*Ted English shares Ben Cammarata's spirit for the Company and commitment to people and ethics. He assumes the title of CEO with an in-depth knowledge of the off-price business. Having joined T.J. Maxx in 1983, Ted advanced through the merchandising organization until 1995, when he played a critical role in the consolidation of T.J. Maxx and Marshalls. In 1997, he was promoted to Executive Vice President, Merchandising of The Marmaxx Group. In 1998, he was named Senior Vice President and Group Executive of The TJX Companies and, in 1999, was promoted to President and Chief Operating Officer of TJX.*

*The TJX Companies, including its associates and its shareholders, owes Ben Cammarata enormous gratitude for his tireless energy and excellent stewardship. As a Company, TJX is indeed fortunate to have Ted English take the reins as Chief Executive Officer and Ben Cammarata continue as Chairman. With sound fundamentals and many exciting opportunities, as well as great strength in leadership, TJX is solidly positioned to achieve its goals.*

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## TO OUR FELLOW SHAREHOLDERS:

Nineteen ninety-nine was another excellent year for The TJX Companies, Inc. We posted record sales and profits and saw continued growth in both our core and our developing businesses. During the year, we continued to expand domestically and internationally, and enhanced our already strong financial position.

### *45% Return on Average Shareholders' Equity*

We are gratified to report that our strong performance in 1999 led to a 45% after-tax return on average shareholders' equity. Diluted earnings per share from continuing operations for The TJX Companies, Inc. increased by 29% to \$1.66 per share in 1999, from \$1.29 in 1998. Income from continuing operations for 1999 reached \$527 million versus \$433 million in the prior year. Net sales from continuing operations for 1999 were \$8.8 billion, an 11% increase over last year. Consolidated comparable store sales grew by 5% in 1999, which was achieved over a 5% increase the prior year.

### *Expanding our Reach at our Core Businesses*

At T.J. Maxx and Marshalls, sound execution of our chief strengths - opportunistic buying, inventory control and the differentiation between these two chains - was key to our exceeding our goals. Total sales for The Marmaxx Group, the internal combination of T.J. Maxx and Marshalls, increased by 8% in 1999, while comparable store sales increased by 4% and operating income by 13%. We saw further growth in the combined operating margin of these businesses, which reached a new high of 10.9% in 1999. Marmaxx continues to generate more than enough cash to fuel its own growth as well as the growth of our emerging businesses. Further, this strong cash flow affords us the ability to pursue other strategies for increasing shareholder value.

### *International Success*

Customer demand for our off-price values on quality, brand name merchandise continues to transcend U.S. borders. Winners Apparel maintained its status as the leading off-price retailer in Canada through expansion of product mix and solid execution of its off-price strategies.

Winners achieved a total sales increase of 20% in 1999 and a comparable store sales increase of 8% over a 13% increase in the previous year. This performance was even more impressive in light of the highly promotional retail environment in Canada during the year. Operating income increased by 38% and this division's operating margin increased substantially to 11.8% in 1999. These results were significantly ahead of our expectations. Winners truly had an excellent year in 1999, with apparel and non-apparel categories doing extremely well. We look forward to continuing to expand successfully throughout Canada.

T.K. Maxx had an excellent 1999, recording a total sales increase of 34% and a comparable store sales increase of 12% on top of a 12% increase the prior year. Further, T.K. Maxx earned \$6.5 million of operating income this year, which is much higher than we originally expected. T.K. Maxx is experiencing rapid store inventory turns and merchandise margins similar to those at Marmaxx and Winners. Our stores in the U.K. and Ireland continue to see profit contribution at store level that is close to the U.S. model. In addition, productivity is higher than the U.S. model with sales per selling square foot near \$400 U.S. dollars, achieved with fewer hours of operation. We are very enthusiastic about our accelerated roll-out of this chain throughout the U.K. and Ireland as well as our longer term potential to develop this business on the European mainland.

### *Home Expands*

HomeGoods had a terrific 1999. Total sales increased by 56%, while comparable store sales increased 13% over a 9% gain the previous year. Further, HomeGoods earned almost \$5 million of operating income in 1999, which is more than twice what we originally anticipated. HomeGoods succeeded in becoming an exciting off-price shopping destination, which offers customers a rapidly changing assortment of quality, home fashions at great prices. In addition to the HomeGoods stand-alone concept, we also operate combination formats known as T.J. Maxx 'N More and Marshalls Mega-Stores. The success of HomeGoods, as well as the continued growth of home product in all our divisions, has helped TJX expand the assortment of home furnishings in our merchandise mix to almost 20% of consolidated revenues. This equates to revenues approaching \$2 billion in home fashions, making TJX one of the largest retailers in the booming home furnishings market.

#### *Reaching a New Customer*

At A.J. Wright, our youngest division, we continue to learn about this business and its customers' habits and tastes. Levering A.J. Wright's off-price synergies with our other businesses, we are able to respond quickly to our customers' demands. In addition, we are in the process of building another distribution center to support the future growth of A.J. Wright. We expanded our store base beyond New England to Virginia, Baltimore and Detroit in 1999. While A.J. Wright is still in its early development, we continue to view it as a long-term growth vehicle. We are excited about expanding this chain further in 2000 and continuing to build a strong organization within A.J. Wright that is committed to its success.

#### *Strong Balance Sheet*

At year-end 1999, shareholders' equity, as a percentage of our long-term capitalization, was 78% and we ended the year with a strong cash position. During the year, we completed a \$200 million debt offering, which is being used for general corporate purposes, including share buy-backs. Under our \$750 million share repurchase program, we spent \$601 million on TJX share repurchases in 1999. In March of 2000, we launched a new \$1 billion, multi-year share repurchase program.

#### *Future Growth*

T.J. Maxx, Marshalls and Winners continue to perform strongly and our developing businesses have begun to make contributions to our growth. On a consolidated basis, we anticipate opening 130-140 new stores in each of 2000 and 2001. In addition, we anticipate continued solid comparable store sales growth. We also expect to see increasing profit margins at our newer divisions, as they grow and lever expenses. Opportunities to deploy our strong cash flow continue to add to our ability to grow earnings per share. As we look to the future, we continue to be confident in our ability to grow earnings per share by 15-20% annually for the next several years.

#### *Thank You*

We are very proud of our Company. In 1999, we surpassed our goals once again. We are thankful to our associates, our vendors and our customers for helping to make this happen. We also appreciate the support of our shareholders. We know that we must remain focused on the proper execution of our business in order to expand the success we have worked so hard to achieve. We will continue to do this and pledge our deepest commitment to increase shareholder value.

Respectfully,



Edmond J. English  
President and Chief Executive Officer



Bernard Cammarata  
Chairman of the Board



T.J. Maxx and  
Marshalls:

# Our customers shop both stores

Our ability to deliver a rapidly changing assortment of quality, fashionable, brand-name merchandise at great values continues to be our strength at TJX. At the core of our Company are T.J. Maxx and Marshalls, the two largest and most successful off-price apparel retailers in the world. Throughout these two chains, we manage with lean inventories, which enables us to take advantage of the best opportunities in the marketplace and compete more effectively with the department stores. Known internally as The Marmaxx Group, this division continues to achieve significant gains in sales and operating income.

Through marketing and merchandising, as well as the look and layout of our stores, we have gone to great lengths to maintain separate identities for each chain, encouraging shoppers to frequent both franchises. During 1999, we took our separate marketing strategies a step further, and launched websites for each chain, [tjmaxx.com](http://tjmaxx.com) and [marshallsonline.com](http://marshallsonline.com). These websites have different looks and position each chain as a destination for great off-price values. Our success at maintaining the uniqueness of T.J. Maxx and Marshalls has resulted in our ability to add many more stores than we had formerly thought possible. With many of our customers shopping at both stores, the continued growth at these two major chains continues to drive our Company's growth.

In 1999, we added 28 T.J. Maxx stores to end the year with 632 and 30 Marshalls stores to end the year with 505. This represents substantial growth on top of a huge base. Our store growth plans call for the addition of 60 stores between the two chains in the year 2000.







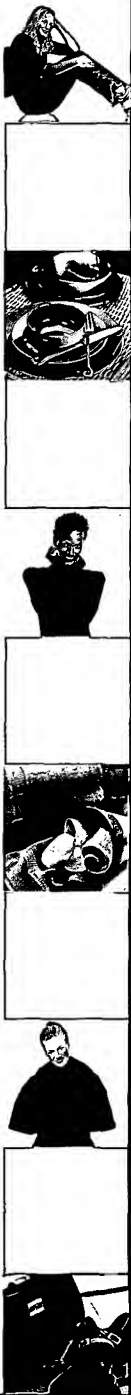
Winners Apparel Ltd:

# Canadian off-price leader

As the dominant off-price retailer in Canada, Winners Apparel continues to grow very successfully throughout that country. Having achieved excellent results in 1999, Winners continues to execute its off-price strategies extremely well. Great merchandising, expansion of product mix and inventory management continue to be key to Winners' success. Further, apparel as well as non-apparel categories performed above our expectations in 1999.

This highly profitable division provides TJX with our greatest return on investment. We have built a great organization of buyers who source from the U.S., Canada and throughout the world to bring exciting, quality merchandise to the Winners chain. We are truly a national company, with Winners operating in all ten Canadian provinces.

We added 13 stores in 1999, bringing our year-end total to 100. We expect to open 12 additional Winners stores in the year 2000. With the success of HomeGoods in the U.S., and since Winners has performed so well in Canada, we are planning to bring our off-price home concept to Canada, which will provide us with another expansion vehicle going forward. Ultimately, we see Canada supporting approximately 160 Winners stores and a significant number of home stores.





HomeGoods:

# Rolling out home fashions

HomeGoods had a truly outstanding 1999, achieving profits beyond our expectations. Further, our shift in focus over the last two years from commodity-driven merchandise to more fashion-oriented home décor selections continued to yield excellent results for this burgeoning division. We operate HomeGoods with our proven off-price strategy of maintaining low inventories, which allows for the best opportunistic buying. HomeGoods has become an off-price home fashions destination, with merchandise turning at store level as quickly as do apparel categories at T.J. Maxx and Marshalls, which is virtually unheard of in the home fashions segment.

Our freestanding HomeGoods prototype averages 25,000 square feet and features such items as lamps, fine linens, bath accessories, accent furniture, rugs and framed artwork. We have successfully created a concept that operates with all of the efficiencies of a chain store, but offers customers some of the eclectic, intimate ambiance of a specialty store. HomeGoods also exists in a superstore format, which combines HomeGoods merchandise with either T.J. Maxx or Marshalls apparel. These stores are called T.J. Maxx 'N More and Marshalls Mega-Stores and new superstores average 50,000 square feet.

We are very excited about rolling out this chain throughout the country and have ramped up our growth plans for this division. We ended 1999 with 51 HomeGoods stores, which represents a 46% increase in store base. We expect to increase the chain by another 59% in 2000, adding another 30 stores. Long term, we believe the U.S. can support about 500 free-standing HomeGoods stores and approximately 150 superstores.





T.K. Maxx:

# Setting the pace in Europe

T.K. Maxx had an excellent year, achieving profits and comparable store sales gains higher than we originally anticipated. T.K. Maxx has begun to generate substantial revenue for TJX. Further, T.K. Maxx is experiencing rapid store inventory turns and merchandise margins similar to those at T.J. Maxx, Marshalls and Winners.

In anticipation of this division's growth, we have invested heavily in T.K. Maxx to stay ahead of the curve. We have built a strong merchandising organization at T.K. Maxx, which includes a talented staff of senior merchants and merchandise managers. In addition, we have built an international network of buyers based in California, New York and Europe who are savvy to international fashion trends. We opened a new distribution center in August 1999, which doubled our capacity and will support future growth of this business.

We ended 1999 with 54 T.K. Maxx stores, which is a 38% increase in store base. In 2000, we plan to increase the chain by another 41% and add 22 stores. We see an ultimate store base in the U.K. and Ireland of approximately 250. In 2001, we expect to enter a new European country. We continue to view T.K. Maxx on the European mainland as a longer term expansion vehicle.





A.J. Wright:

# Bringing off-price to new customers

At A.J. Wright, our youngest division launched in 1998, we continue to learn about this new business. A.J. Wright is patterned after our other off-price concepts but taps an entirely new demographic market - the moderate income customer.

Our strong relationships with thousands of vendors give us easy entrées to the budget lines of many manufacturers, which has been key in helping to tweak the product mix quickly and efficiently. Staying ahead of A.J. Wright's growth, we have doubled this division's buying staff to give us more coverage in the marketplace and ample time to train buyers for A.J. Wright's expansion. In addition, we are experimenting with various marketing strategies to increase brand awareness and customer traffic.

We ended 1999 with 15 A.J. Wright stores in New England, Virginia, Baltimore and Detroit. We plan to add about 10 A.J. Wright stores in the year 2000. A.J. Wright is progressing and we continue to view it as a meaningful, long-term growth vehicle for TJX.







# TJX reaches out to our communities

At TJX, reaching out to our communities is a key component of our corporate culture. One of our most important programs in this regard has been our Welfare-to-Work initiative. Having pledged in 1997 to fill 5,000 jobs with former welfare recipients by the year 2000 without displacing existing employees, we are proud to say that we have far surpassed that goal, having hired over 13,000 individuals from the welfare rolls. We have successfully partnered with Goodwill Industries to create a program called "First Step," which provides counseling and training for individuals as they make the difficult transition from the welfare system to the workforce. We have graduated our second "First Step" class in Boston and will be launching more "First Step" programs in other cities. Additionally, we have held informational seminars in our corporate headquarters to help get other companies started in the Welfare-to-Work Program. Because of our commitment and success, TJX is recognized nationally as one of the leaders in this important endeavor.

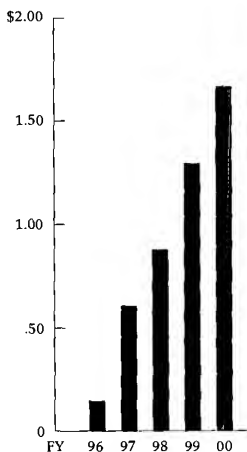
From the TJX Foundation and other corporate contributions, our Company donated \$3 million to charitable causes. Among the 550 organizations that we supported, The Welfare to Work Partnership, Save the Children, The Family Violence Prevention Fund, the Crohn's and Colitis Foundation and Easter Seals received major funding. Winners also continued to support the Sunshine Foundation's Adopt-a-Dream program and, at T.K. Maxx, we continued our important work with the N.C.H. Action for Children organization. Through the American Red Cross, we also helped natural disaster victims in North Carolina with hurricane relief, and victims in Ohio, Oklahoma and Kansas with tornado relief.

We have also made strides in our cultural diversity initiatives, having reached out through human resources, community involvement and vendor relationships. We have tapped recruiting sources to bring talent to our organization and have developed internal programs, which heighten the importance of diversity for our associates. In community outreach, we have built and maintained strong relationships with minority organizations. In vendor relationships, we have reached out to women and minorities through our Minority and Women-Owned Supplier Development Program.

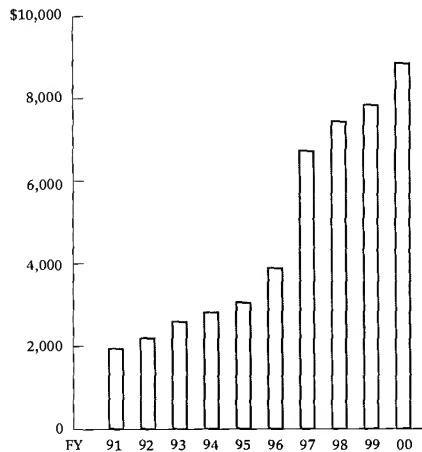
We continue to believe strongly that our involvement with the communities in which we have a retail or corporate presence bridges gaps between our organization and our communities, as well as unifies us as a corporate population. This commitment is a core value that we believe makes us stronger, both as individuals and as a corporation.



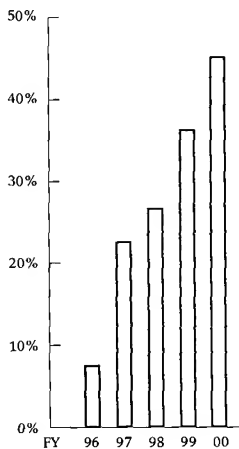
*Diluted Earnings Per Share*  
(Continuing Operations)



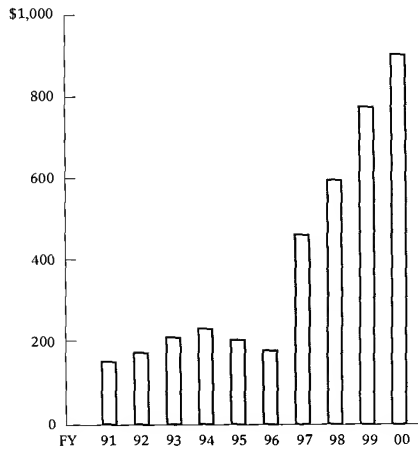
*Consolidated Net Sales*  
(Dollars in Millions)



*After-Tax Return on Average Shareholders' Equity*



*Operating Income Off-Price Family Apparel Segment*  
(Dollars in Millions)



## SELECTED FINANCIAL DATA (CONTINUING OPERATIONS)

Dollars In Thousands Except Per Share Amounts	Fiscal Year Ended January				
	2000	1999	1998 (53 weeks)	1997	1996 <sup>(1)</sup>
Income statement and per share data:					
Net sales	\$8,795,347	\$7,949,101	\$7,389,069	\$6,689,410	\$3,975,115
Income from continuing operations before extraordinary item and cumulative effect of accounting change	526,822	433,202	306,592	213,826	51,589 <sup>(2)</sup>
Weighted average common shares for diluted earnings per share calculation	317,790,764	334,647,950	349,612,184	350,650,100	290,781,900
Diluted earnings per share from continuing operations before extraordinary item and cumulative effect of accounting change	\$1.66	\$1.29	\$ .88	\$ .61	\$ .15 <sup>(2)</sup>
Cash dividends declared per share	.14	.12	.10	.07	.12
Balance sheet data:					
Cash	\$ 371,759	\$ 461,244	\$ 404,369	\$ 474,732	\$ 209,226
Working capital	334,197	436,259	464,974	425,595	332,864
Total assets	2,804,963	2,747,846	2,609,632	2,506,761	2,545,825
Capital expenditures	238,569	207,742	192,382	119,153	105,864
Long-term debt	319,367	220,344	221,024	244,410	690,713
Shareholders' equity	1,119,228	1,220,656	1,164,092	1,127,186	764,634
Other financial data:					
After-tax return on average shareholders' equity	45.0%	36.3%	26.8%	22.6%	7.5%
Long-term debt as a percentage of long-term capitalization <sup>(3)</sup>	22.2%	15.3%	16.0%	17.8%	47.5%
Stores in operation at year-end:					
T.J. Maxx	632	604	580	578	587
Marshalls	505	475	461	454	496
Winners	100	87	76	65	52
HomeGoods	51	35	23	21	22
T.K. Maxx	54	39	31	18	9
A.J. Wright	15	6	-	-	-
Total	1,357	1,246	1,171	1,136	1,166

<sup>(1)</sup> Includes the results of Marshalls for the periods following its acquisition on November 17, 1995.

<sup>(2)</sup> Includes an after-tax charge of \$21.0 million for the estimated cost of closing certain T.J. Maxx stores in connection with the acquisition of Marshalls.

<sup>(3)</sup> Long-term capitalization includes shareholders' equity and long-term debt.

## CONSOLIDATED STATEMENTS OF INCOME

<i>Dollars in Thousands Except Per Share Amounts</i>	<i>Fiscal Year Ended</i>		
	<i>January 29, 2000</i>	<i>January 30, 1999</i>	<i>January 31, 1998 (53 weeks)</i>
Net sales	\$8,795,347	\$7,949,101	\$7,389,069
Cost of sales, including buying and occupancy costs	6,579,400	5,957,415	5,676,541
Selling, general and administrative expenses	1,354,665	1,285,988	1,185,755
Interest expense, net	7,345	1,686	4,502
Income from continuing operations before income taxes, extraordinary item and cumulative effect of accounting change	853,937	704,012	522,271
Provision for income taxes	327,115	270,810	215,679
Income from continuing operations before extraordinary item and cumulative effect of accounting change	526,822	433,202	306,592
(Loss) from discontinued operations, net of income taxes	-	(9,048)	-
Income before extraordinary item and cumulative effect of accounting change	526,822	424,154	306,592
Extraordinary (charge), net of income taxes	-	-	(1,777)
Cumulative effect of accounting change, net of income taxes	(5,154)	-	-
Net income	521,668	424,154	304,815
Preferred stock dividends	-	3,523	11,668
Net income available to common shareholders	\$ 521,668	\$ 420,631	\$ 293,147
Basic earnings per share:			
Income from continuing operations before extraordinary item and cumulative effect of accounting change	\$1.67	\$1.35	\$ .92
Net income	\$1.66	\$1.32	\$ .91
Weighted average common shares — basic	314,577,145	318,073,081	321,474,046
Diluted earnings per share:			
Income from continuing operations before extraordinary item and cumulative effect of accounting change	\$1.66	\$1.29	\$ .88
Net income	\$1.64	\$1.27	\$ .87
Weighted average common shares — diluted	317,790,764	334,647,950	349,612,184
Cash dividends declared per share	\$ .14	\$ .12	\$ .10

The accompanying notes are an integral part of the financial statements.

## CONSOLIDATED BALANCE SHEETS

<i>In Thousands</i>	<i>January 29, 2000</i>	<i>January 30, 1999</i>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 371,759	\$ 461,244
Accounts receivable	55,461	67,345
Merchandise inventories	1,229,587	1,186,068
Prepaid expenses and other current assets	43,758	28,448
Total current assets	<u>1,700,565</u>	<u>1,743,105</u>
Property at cost:		
Land and buildings	116,005	115,485
Leasehold costs and improvements	622,962	547,099
Furniture, fixtures and equipment	849,932	711,320
	<u>1,588,899</u>	<u>1,373,904</u>
Less: accumulated depreciation and amortization	<u>754,314</u>	<u>617,302</u>
	834,585	756,602
Other assets	55,826	27,436
Deferred income taxes, net	23,143	22,386
Goodwill and tradename, net of amortization	190,844	198,317
Total Assets	<u>\$2,804,963</u>	<u>\$2,747,846</u>
<b>Liabilities</b>		
Current liabilities:		
Current installments of long-term debt	\$ 100,359	\$ 694
Accounts payable	615,671	617,159
Accrued expenses and other current liabilities	650,338	688,993
Total current liabilities	<u>1,366,368</u>	<u>1,306,846</u>
Long-term debt, exclusive of current installments	319,367	220,344
Commitments and contingencies		
<b>Shareholders' Equity</b>		
Common stock, authorized 1,200,000,000 shares, par value \$1, issued and outstanding 299,979,363 and 322,140,770 shares	299,979	322,141
Additional paid-in capital	-	-
Accumulated other comprehensive income (loss)	(1,433)	(1,529)
Retained earnings	820,682	900,044
Total shareholders' equity	<u>1,119,228</u>	<u>1,220,656</u>
Total Liabilities and Shareholders' Equity	<u>\$2,804,963</u>	<u>\$2,747,846</u>

The accompanying notes are an integral part of the financial statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>In Thousands</i>	<i>Fiscal Year Ended</i>		
	<i>January 29, 2000</i>	<i>January 30, 1999</i>	<i>January 31, 1998</i>
			<i>(53 weeks)</i>
<i>Cash flows from operating activities:</i>			
Net income	\$ 521,668	\$ 424,154	\$ 304,815
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss from discontinued operations	-	9,048	-
Extraordinary charge	-	-	1,777
Cumulative effect of accounting change	5,154	-	-
Depreciation and amortization	160,393	136,531	124,891
Property disposals	4,624	6,037	18,778
Other, net	(27,744)	(6,296)	(3,928)
Changes in assets and liabilities:			
(Increase) in accounts receivable	(8,199)	(6,610)	(3,460)
(Increase) decrease in merchandise inventories	(28,886)	4,102	(130,665)
(Increase) in prepaid expenses and other current assets	(15,532)	(1,091)	(10,978)
Increase (decrease) in accounts payable	(1,488)	34,368	48,846
Increase (decrease) in accrued expenses and other current liabilities	(34,789)	48,670	37,211
Increase (decrease) in deferred income taxes	2,769	(19,965)	(3,793)
Net cash provided by operating activities	<u>577,970</u>	<u>628,948</u>	<u>383,494</u>
<i>Cash flows from investing activities:</i>			
Property additions	(238,569)	(207,742)	(192,382)
Proceeds from sale of other assets	-	9,421	15,697
Proceeds adjustment to sale of discontinued operations	-	-	(33,190)
Net cash (used in) investing activities	<u>(238,569)</u>	<u>(198,321)</u>	<u>(209,875)</u>
<i>Cash flows from financing activities:</i>			
Proceeds from borrowings of long-term debt, net	198,060	-	-
Principal payments on long-term debt	(695)	(23,360)	(27,179)
Proceeds from sale and issuance of common stock	21,048	27,763	15,471
Stock repurchased	(604,560)	(337,744)	(245,198)
Cash dividends paid	(42,739)	(40,411)	(41,527)
Net cash (used in) financing activities	<u>(428,886)</u>	<u>(373,752)</u>	<u>(298,433)</u>
Net cash provided by (used in) continuing operations	(89,485)	56,875	(124,814)
Net cash provided by discontinued operations	-	-	54,451
Net increase (decrease) in cash and cash equivalents	(89,485)	56,875	(70,363)
Cash and cash equivalents at beginning of year	461,244	404,369	474,732
Cash and cash equivalents at end of year	<u>\$ 371,759</u>	<u>\$ 461,244</u>	<u>\$ 404,369</u>

The accompanying notes are an integral part of the financial statements.

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

<i>In Thousands</i>	<i>Preferred Stock Face Value</i>	<i>Common Stock, Par Value \$1</i>	<i>Additional Paid-in Capital</i>	<i>Accumulated Other Comprehensive Income (Loss)</i>	<i>Retained Earnings</i>	<i>Total</i>
Balance, January 25, 1997	\$150,000	\$ 79,576	\$430,055	\$(1,038)	\$ 468,593	\$1,127,186
Comprehensive income:						
Net income	-	-	-	-	304,815	304,815
Foreign currency translation	-	-	-	(643)	-	(643)
Unrealized gains on securities	-	-	-	4,998	-	4,998
Total comprehensive income						309,170
Cash dividends declared:						
Preferred stock	-	-	-	-	(11,668)	(11,668)
Common stock	-	-	-	-	(31,832)	(31,832)
Conversion of cumulative Series E preferred stock into common stock	(77,020)	8,315	68,705	-	-	-
Stock repurchased:						
Preferred	(250)	-	-	-	(500)	(750)
Common	-	(8,528)	(235,920)	-	-	(244,448)
Stock split, two-for-one	-	79,823	(79,823)	-	-	-
Issuance of common stock under stock incentive plans and related tax benefits	-	715	15,719	-	-	16,434
Balance, January 31, 1998	72,730	159,901	198,736	3,317	729,408	1,164,092
Comprehensive income:						
Net income	-	-	-	-	424,154	424,154
Foreign currency translation	-	-	-	152	-	152
Reclassification of unrealized gains	-	-	-	(4,998)	-	(4,998)
Total comprehensive income						419,308
Cash dividends declared:						
Preferred stock	-	-	-	-	(3,523)	(3,523)
Common stock	-	-	-	-	(38,134)	(38,134)
Conversion of cumulative Series E preferred stock into common stock	(72,730)	14,682	58,048	-	-	-
Common stock repurchased	-	(12,998)	(187,859)	-	(149,462)	(350,319)
Stock split, two-for-one	-	158,954	(96,555)	-	(62,399)	-
Issuance of common stock under stock incentive plans and related tax benefits	-	1,602	27,630	-	-	29,232
Balance, January 30, 1999	-	322,141	-	(1,529)	900,044	1,220,656
Comprehensive income:						
Net income	-	-	-	-	521,668	521,668
Foreign currency translation	-	-	-	229	-	229
Unrealized (loss) on securities	-	-	-	(133)	-	(133)
Total comprehensive income						521,764
Cash dividends declared on common stock	-	-	-	-	(43,716)	(43,716)
Common stock repurchased	-	(23,578)	(20,368)	-	(557,314)	(601,260)
Issuance of common stock under stock incentive plans and related tax benefits	-	1,416	20,368	-	-	21,784
Balance, January 29, 2000	\$ -	\$299,979	\$ -	\$(1,433)	\$ 820,682	\$1,119,228

The accompanying notes are an integral part of the financial statements.

## SELECTED INFORMATION BY MAJOR BUSINESS SEGMENT

<i>In Thousands</i>	<i>Fiscal Year Ended</i>		
	<i>January 29, 2000</i>	<i>January 30, 1999</i>	<i>January 31, 1998 (53 weeks)</i>
Net sales:			
Off-price family apparel stores	\$8,588,537	\$7,816,563	\$7,290,959
Off-price home fashion stores	206,810	132,538	98,110
	<u>\$8,795,347</u>	<u>\$7,949,101</u>	<u>\$7,389,069</u>
Operating income (loss):			
Off-price family apparel stores	\$ 896,492	\$ 782,706	\$ 596,908
Off-price home fashion stores <sup>(1)</sup>	4,581	(4,950)	(8,615)
	<u>901,073</u>	<u>777,756</u>	<u>588,293</u>
General corporate expense <sup>(2)</sup>	37,182	69,449	58,906
Goodwill amortization	2,609	2,609	2,614
Interest expense, net	7,345	1,686	4,502
Income from continuing operations before income taxes, extraordinary item and cumulative effect of accounting change	<u>\$ 853,937</u>	<u>\$ 704,012</u>	<u>\$ 522,271</u>
Identifiable assets:			
Off-price family apparel stores	\$2,189,403	\$2,093,879	\$2,033,945
Off-price home fashion stores	63,888	49,515	39,074
Corporate, primarily cash, goodwill and deferred taxes	551,672	604,452	536,613
	<u>\$2,804,963</u>	<u>\$2,747,846</u>	<u>\$2,609,632</u>
Capital expenditures:			
Off-price family apparel stores	\$ 227,750	\$ 202,054	\$ 190,720
Off-price home fashion stores	10,819	5,688	1,662
	<u>\$ 238,569</u>	<u>\$ 207,742</u>	<u>\$ 192,382</u>
Depreciation and amortization:			
Off-price family apparel stores	\$ 153,525	\$ 130,325	\$ 115,967
Off-price home fashion stores	3,911	3,302	3,186
Corporate, including goodwill	2,957	2,904	5,738
	<u>\$ 160,393</u>	<u>\$ 136,531</u>	<u>\$ 124,891</u>

<sup>(1)</sup> The periods ended January 30, 1999 and January 31, 1998 include a pre-tax charge of \$2.2 million and \$1.5 million, respectively, for certain store closings and other restructuring costs relating to HomeGoods.

<sup>(2)</sup> General corporate expense for the fiscal year ended January 29, 2000, includes a pre-tax gain of \$8.5 million associated with the Company's receipt of common stock resulting from the demutualization of Manulife Financial and a pre-tax charge of \$1.1 million for costs associated with a fiscal 1998 executive deferred compensation award. General corporate expense for the fiscal year ended January 30, 1999 includes a pre-tax charge of \$6.3 million for costs associated with the foregoing executive deferred compensation award, a \$3.5 million pre-tax charge for the write-down of a note receivable from the Company's former Hit or Miss division and a \$7.5 million charitable donation to The TJX Foundation. General corporate expense for the fiscal year ended January 31, 1998 includes a pre-tax charge of \$15.2 million for costs associated with the foregoing executive deferred compensation award and a pre-tax gain of \$6.0 million for the sale of Brylane, Inc. common stock.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### *Summary of Accounting Policies*

**Fiscal Year:** The Company's fiscal year ends on the last Saturday in January. The fiscal year ended January 31, 1998 (fiscal 1998) included 53 weeks. The fiscal years ended January 29, 2000 and January 30, 1999 each included 52 weeks.

**Basis of Presentation:** The consolidated financial statements of The TJX Companies, Inc. include the financial statements of all the Company's wholly owned subsidiaries, including its foreign subsidiaries. The financial statements for the applicable periods present the Company's former Chadwick's of Boston (Chadwick's) and Hit or Miss divisions as discontinued operations. The notes pertain to continuing operations except where otherwise noted.

**Use of Estimates:** The preparation of the financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent liabilities, at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash, Cash Equivalents and Short-Term Investments:** The Company generally considers highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Company's investments are primarily high-grade commercial paper, institutional money market funds and time deposits with major banks. The fair value of cash equivalents approximates carrying value.

During September 1999, the Company received 693,537 common shares of Manulife Financial. The shares issued reflect ownership interest in the demutualized insurer due to policies held by the Company. These securities were recorded at market value upon receipt resulting in an \$8.5 million pre-tax gain. The Company has classified these Manulife Financial common shares as available-for-sale and includes them in other current assets on the balance sheets. In years prior to fiscal 2000, the Company also held available-for-sale marketable securities received as proceeds from the sale of its former Chadwick's division (see Note B). Available-for-sale securities are stated at fair market value with unrealized gains or losses, net of income taxes, included as a component of other comprehensive income (loss). Realized gains or losses are included in net income when the securities are sold or disposed of, resulting in a related reclassification adjustment to other comprehensive income (loss).

**Merchandise Inventories:** Inventories are stated at the lower of cost or market. The Company uses the retail method for valuing inventories on the first-in first-out basis.

**Depreciation and Amortization:** For financial reporting purposes, the Company provides for depreciation and amortization of property principally by the use of the straight-line method over the estimated useful lives of the assets. Buildings are depreciated over 33 years, leasehold costs and improvements are generally amortized over the lease term or their estimated useful life, whichever is shorter, and furniture, fixtures and equipment are depreciated over 3 to 10 years. Depreciation and amortization expense for property was \$154.2 million, \$130.4 million and \$115.8 million for the fiscal years 2000, 1999 and 1998, respectively. Maintenance and repairs are charged to expense as incurred. Internal costs for the development of software are generally not material and the Company expenses them as incurred. Upon retirement or sale, the cost of disposed assets and the related depreciation are eliminated and any gain or loss is included in net income. Debt discount and related issue expenses are amortized to interest expense over the lives of the related debt issues. Pre-opening costs are expensed as incurred.

**Goodwill and Tradename:** Goodwill is primarily the excess of the purchase price incurred over the carrying value of the minority interest in the Company's former 83%-owned subsidiary. The minority interest was acquired pursuant to the Company's fiscal 1990 restructuring. In addition, goodwill includes the excess of cost over the estimated fair market value of the net assets of Winners Apparel Ltd., acquired by the Company in fiscal 1991. Goodwill, net of amortization, totaled \$76.8 million and \$79.3 million as of January 29, 2000 and

January 30, 1999, respectively, and is being amortized over 40 years on a straight-line basis. Annual amortization of goodwill was \$2.6 million in fiscal years 2000, 1999 and 1998. Cumulative amortization as of January 29, 2000 and January 30, 1999 was \$27.7 million and \$25.1 million, respectively.

Tradename is the value assigned to the name "Marshalls" as a result of the Company's acquisition of the Marshalls chain on November 17, 1995. The value of the tradename was determined by the discounted present value of assumed after-tax royalty payments, offset by a reduction for its pro-rata share of the total negative goodwill acquired. The final purchase price allocated to the tradename, including a reduction for a pro-rata share of reserve adjustments recorded in fiscal 2000 and fiscal 1998 (see Note J) amounted to \$128.3 million. The tradename is deemed to have an indefinite life and accordingly is being amortized over 40 years. Amortization expense was \$3.2 million for fiscal years 2000 and 1999, and \$3.4 million for fiscal 1998. Cumulative amortization as of January 29, 2000 and January 30, 1999 was \$14.2 million and \$11.0 million, respectively.

*Impairment of Long-Lived Assets:* The Company periodically reviews the value of its property and intangible assets in relation to the current and expected operating results of the related business segments in order to assess whether there has been a permanent impairment of their carrying values.

*Advertising Costs:* The Company expenses advertising costs during the fiscal year incurred. Advertising expense was \$114.7 million, \$106.4 million and \$103.8 million for fiscal years 2000, 1999 and 1998, respectively.

*Earnings Per Share:* All earnings per share amounts discussed refer to diluted earnings per share unless otherwise indicated. All historical earnings per share amounts reflect the June 1998 and June 1997 two-for-one stock splits.

*Foreign Currency Translation:* The Company's foreign assets and liabilities are translated at the year-end exchange rate and income statement items are translated at the average exchange rates prevailing during the year. A large portion of the Company's net investment in foreign operations is hedged with foreign currency swap agreements and forward contracts. The translation adjustments associated with the foreign operations and the related hedging instruments are included in shareholders' equity as a component of comprehensive income (loss). Cumulative foreign currency translation adjustments included in shareholders' equity amounted to losses of \$1.3 million as of January 29, 2000 and \$1.5 million as of January 30, 1999.

*New Accounting Standards:* During 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." This Statement established accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. This Statement requires that an entity recognize all derivatives as either assets or liabilities in the statements of financial position and measure those instruments at fair value. SFAS No. 133 was later amended by SFAS No. 137 which deferred the implementation date of SFAS No. 133 to fiscal years beginning after June 15, 2000. The Company believes that the impact of implementation of this new standard will be immaterial. The Company will adopt SFAS No. 133, as amended by SFAS No. 137, in its fiscal year ending January 26, 2002.

*Reclassifications:* Certain amounts in prior years' financial statements have been reclassified for comparative purposes.

#### *A. Change In Accounting Principle*

Effective January 31, 1999, the Company changed its method of accounting for layaway sales in compliance with Staff Accounting Bulletin No. 101 "Revenue Recognition in Financial Statements," issued by the Securities and Exchange Commission during the fourth quarter of fiscal 2000. Under the new accounting method, the Company will defer recognition of a layaway sale and its related profit to the accounting period when the customer picks up layaway merchandise. The cumulative effect of this change for periods prior to January 31,

1999 of \$5.2 million (net of income taxes of \$3.4 million), or \$.02 per share, is shown as the cumulative effect of accounting change in the Consolidated Statements of Income. The accounting change has virtually no impact on annual sales and earnings (before cumulative effect). However, due to the seasonal influences of the business, the accounting change results in a shift of sales and earnings among the Company's quarterly periods. As a result, the Company has restated its earnings for the first three quarters of the fiscal year ended January 29, 2000 (see Selected Quarterly Financial Data, page 45, for more information). Except for the Selected Quarterly Financial Data, the Company has not presented pro forma results for prior fiscal years due to immateriality.

#### *B. Dispositions and Acquisitions*

*Sale of Chadwick's of Boston:* The Company sold its former Chadwick's division in fiscal 1997 to Brylane, Inc. As part of the proceeds from the sale, the Company received a \$20 million convertible note. During fiscal 1998, the Company converted a portion of the Brylane note into 352,908 shares of Brylane, Inc. common stock which it sold for \$15.7 million. This sale resulted in an after-tax gain of \$3.6 million. During fiscal 1999, the balance of the note was converted into shares of Brylane common stock. A portion of the shares were donated to the Company's charitable foundation, and the remaining shares were sold. The net pre-tax impact of these transactions was immaterial. Pursuant to the agreement, the Company retained the Chadwick's consumer credit card receivables. The cash provided by discontinued operations for fiscal 1998 represents the collection of the remaining balance of the Chadwick's consumer credit card receivables outstanding as of January 25, 1997. Also pursuant to the disposition, the Company agreed to purchase certain amounts of excess inventory from Chadwick's. This arrangement has subsequently been amended and extended through fiscal 2002.

*Sale of Hit or Miss:* Effective September 30, 1995, the Company sold its Hit or Miss division to members of Hit or Miss management and outside investors. The Company received \$3.0 million in cash and a seven-year \$10 million note with interest at 10%. During fiscal 1998, the Company forgave a portion of this note and was released from certain obligations and guarantees which reduced the note to \$5.5 million. During fiscal 1999, the Company settled the note for \$2.0 million, the balance of \$3.5 million was charged to selling, general and administrative expenses.

*Acquisition of Marshalls:* On November 17, 1995, the Company acquired the Marshalls family apparel chain from Melville Corporation. The Company paid \$424.3 million in cash and \$175 million in junior convertible preferred stock. The total purchase price of Marshalls, including acquisition costs of \$6.7 million, was \$606 million.

#### *C. Long-Term Debt and Credit Lines*

At January 29, 2000 and January 30, 1999, long-term debt, exclusive of current installments, consisted of the following:

<i>In Thousands</i>	<i>January 29, 2000</i>	<i>January 30, 1999</i>
Equipment notes, interest at 11% to 11.25% maturing		
December 12, 2000 to December 30, 2001	\$ 73	\$ 433
General corporate debt:		
Medium term notes, interest at 5.87% to 7.97%, \$15 million maturing		
October 21, 2003 and \$5 million maturing September 20, 2004	20,000	20,000
6½% unsecured notes, maturing June 15, 2000	-	100,000
7% unsecured notes, maturing June 15, 2005 (effective interest rate of 7.02% after reduction of the unamortized debt discount of \$75,000 and \$89,000 in fiscal 2000 and 1999, respectively)	99,925	99,911
7.45% unsecured notes, maturing December 15, 2009 (effective interest rate of 7.50% after reduction of unamortized debt discount of \$631,000 in fiscal 2000)	199,369	-
Total general corporate debt	319,294	219,911
Long-term debt, exclusive of current installments	\$319,367	\$220,344

The aggregate maturities of long-term debt, exclusive of current installments, at January 29, 2000 are as follows:

<i>In Thousands</i>	<i>Equipment Notes</i>	<i>General Corporate Debt</i>	<i>Total</i>
Fiscal Year			
2002	\$73	\$ -	\$ 73
2003	-	-	-
2004	-	15,000	15,000
2005	-	5,000	5,000
Later years	-	299,294	299,294
Aggregate maturities of long-term debt, exclusive of current installments	\$73	\$319,294	\$319,367

In June 1995, the Company issued \$200 million of long-term notes; \$100 million of 6<sup>5</sup>/<sub>8</sub>% notes due June 15, 2000 and \$100 million of 7% notes due June 15, 2005. The proceeds were used in part to repay short-term borrowings and for general corporate purposes, including the repayment of scheduled maturities of other outstanding long-term debt and for new store and other capital expenditures. In December 1999, the Company issued \$200 million of 7.45% ten-year notes, the proceeds of which are being used for general corporate purposes, including the Company's ongoing stock repurchase program.

The Company periodically enters into financial instruments to manage its cost of borrowing. In December 1999, the Company entered into a rate-lock agreement to hedge the underlying treasury rate of the \$200 million ten-year notes, prior to their issuance. The cost of this agreement has been deferred and is being amortized to interest expense over the term of the notes and resulted in an effective rate of 7.6% on the debt.

On November 17, 1995, the Company entered into an unsecured \$875 million bank credit agreement which allowed the Company to borrow up to \$500 million on a revolving loan basis to fund the working capital needs of the Company. In September 1997, the Company replaced this credit agreement with a new five-year \$500 million revolving credit facility. The Company recorded an extraordinary charge of \$1.8 million, net of income taxes of \$1.2 million, associated with the write-off of deferred financing costs of the former agreement. The new agreement provides for reduced commitment fees on the unused portion of the line, as well as lower borrowing costs and has certain financial covenants which require that the Company maintain specified fixed charge coverage and leverage ratios.

As of January 29, 2000, all \$500 million of the revolving credit facility was available for use. Interest is payable on borrowings at rates equal to or less than prime. The revolving credit facility is used as backup to the Company's commercial paper program. The maximum amount outstanding under this credit agreement during fiscal 2000 was \$108 million. There were no borrowings under this facility during fiscal 1999. The weighted average interest rate on the Company's short-term borrowings under this agreement was 6.06% in fiscal 2000. The Company does not have any compensating balance requirements under these arrangements. The Company also has C\$40 million of credit lines for its Canadian operation, all of which were available as of January 29, 2000.

#### *D. Financial Instruments*

The Company periodically enters into forward foreign exchange contracts to hedge firm U.S. dollar and Euro dollar merchandise purchase commitments made by its foreign subsidiaries. As of January 29, 2000, the Company had \$21.4 million of such contracts outstanding for its Canadian subsidiary and \$4.3 million and 2.5 million Euro dollars for its subsidiary in the United Kingdom. The contracts cover certain commitments for the first quarter of fiscal 2001 and any gains or losses on the contracts will ultimately be reflected in the cost of the merchandise. Deferred gains and losses on the contracts as of January 29, 2000 were immaterial.

The Company also has entered into several foreign currency swap and forward contracts in both Canadian dollars and British pounds sterling. Both the swap and forward agreements are accounted for as a hedge against the Company's investment in foreign subsidiaries; thus, foreign exchange gains and losses on the agreements are recognized in shareholders' equity thereby offsetting translation adjustments associated with the Company's investment in foreign operations. The gains and losses on this hedging activity as of January 29, 2000 were immaterial.

The Canadian swap and forward agreements will require the Company to pay C\$66.2 million in exchange for \$47.2 million in U.S. currency between January 2002 and October 2004. The British pounds sterling swap and forward agreements will require the Company to pay £65.0 million between January 2001 and October 2002 in exchange for \$103.3 million in U.S. currency.

The agreements contain rights of offset which minimize the Company's exposure to credit loss in the event of nonperformance by one of the counterparties. The interest rates payable on the foreign currency swap agreements are slightly higher than the interest rates receivable on the currency exchanged, resulting in deferred interest costs which are being amortized to interest expense over the term of the related agreements. The premium costs or discounts associated with the forward contracts are being amortized over the term of the related agreements and are included with the gains or losses of the hedging instrument. The unamortized balance of the net deferred costs was \$2.1 million and \$3.2 million as of January 29, 2000 and January 30, 1999, respectively.

The counterparties to the forward exchange contracts and swap agreements are major international financial institutions. The Company periodically monitors its position and the credit ratings of the counterparties and does not anticipate losses resulting from the nonperformance of these institutions.

The fair value of the Company's long-term debt, including current installments, is estimated using discounted cash flow analysis based upon the Company's current incremental borrowing rates for similar types of borrowing arrangements. The fair value of long-term debt, including current installments, at January 29, 2000 approximates the carrying value of \$419.7 million. These estimates do not necessarily reflect certain provisions or restrictions in the various debt agreements which might affect the Company's ability to settle these obligations.

#### *E. Commitments*

The Company is committed under long-term leases related to its continuing operations for the rental of real estate, and fixtures and equipment. Virtually all of the Company's leases are for a ten year initial term with options to extend for one or more five year periods. Certain Marshalls leases, acquired in fiscal 1996, had remaining terms ranging up to twenty-five years. Leases for T.K. Maxx are generally for fifteen to twenty-five years with ten year kick-out options. Many of the leases contain escalation clauses. In addition, the Company is generally required to pay insurance, real estate taxes and other operating expenses including, in some cases, rentals based on a percentage of sales.

Following is a schedule of future minimum lease payments for continuing operations as of January 29, 2000:

<i>In Thousands</i>	<i>Capital Leases</i>	<i>Operating Leases</i>
Fiscal Year		
2001	\$ -	\$ 361,037
2002	3,415	334,796
2003	3,726	310,638
2004	3,726	278,996
2005	3,726	243,653
Later years	41,574	1,053,016
Total future minimum lease payments	<u>\$56,167</u>	<u>\$2,582,136</u>

The capital lease commitments relate to a 283,000 square foot addition to the Company's home office facility. Construction of the addition is in progress, with completion currently scheduled for the first quarter of fiscal 2002. The Company will recognize a capital lease asset and related obligation of approximately \$34 million at the time rental payments are to commence.

The rental expense under operating leases for continuing operations amounted to \$352.6 million, \$318.1 million and \$301.9 million for fiscal years 2000, 1999 and 1998, respectively. The present value of the Company's operating lease obligations approximates \$1,814.8 million as of January 29, 2000, including \$225.1 million payable on operating lease obligations in fiscal 2001.

The Company had outstanding letters of credit in the amounts of \$37.6 million and \$40.4 million as of January 29, 2000 and January 30, 1999, respectively. Letters of credit are issued by the Company primarily for the purchase of inventory.

## F. Stock Compensation Plans

In the following note, all references to historical awards, outstanding awards and availability of shares for future grants under the Company's stock incentive plans and related prices per share have been restated, for comparability purposes, for the two-for-one stock splits distributed in June 1998 and June 1997.

The Company has a Stock Incentive Plan under which options and other stock awards may be granted to certain officers and key employees. The Stock Incentive Plan, as amended, provides for the issuance of up to 42 million shares with 12.5 million shares available for future grants as of January 29, 2000. The Company also has a Directors' Stock Option Plan under which stock options are granted to directors who are not otherwise employed by the Company. This plan provides for the issuance of up to 200,000 shares. There are 66,000 shares available for future grants under this plan as of January 29, 2000.

Under its stock option plans, the Company has granted options for the purchase of common stock, generally within ten years from the grant date at option prices of 100% of market price on the grant date. Most options outstanding are exercisable at various percentages starting one year after the grant, while certain options are exercisable in their entirety three years after the grant date. Options granted to directors become fully exercisable one year after the date of grant.

A summary of the status of the Company's stock options and related Weighted Average Exercise Prices ("WAEP"), adjusted for the two-for-one stock splits distributed in June 1998 and June 1997, is presented below (shares in thousands):

	<i>January 29, 2000</i>		<i>Fiscal Year Ended</i>		<i>January 31, 1998</i>	
	<i>Shares</i>	<i>WAEP</i>	<i>January 30, 1999</i>		<i>Shares</i>	<i>WAEP</i>
Outstanding at beginning of year	10,105	\$12.04	10,507	\$ 9.04	8,192	\$ 6.10
Granted	3,164	29.26	1,964	21.77	4,338	12.97
Exercised	(1,275)	7.13	(2,215)	6.31	(1,756)	5.31
Canceled	(162)	20.52	(151)	13.35	(267)	7.31
Outstanding at end of year	11,832	17.06	10,105	12.04	10,507	9.04
Options exercisable at end of year	5,980	\$10.77	4,796	\$ 8.01	3,932	\$ 5.89

Virtually all canceled options are forfeitures. The Company realizes an income tax benefit from the exercise of stock options which results in a decrease in current income taxes payable and an increase in additional paid-in capital. Such benefits amounted to \$11.7 million, \$13.8 million and \$6.1 million for the fiscal years ended January 29, 2000, January 30, 1999 and January 31, 1998, respectively.

The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation," and continues to apply the provisions of Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees," in accounting for compensation expense under its stock option plans. The Company grants options at fair market value on the date of the grant; accordingly, no compensation expense has been recognized for the stock options issued during fiscal years 2000, 1999 or 1998. Compensation expense determined in accordance with SFAS No. 123, net of related income taxes, would have amounted to \$12.9 million, \$8.7 million and \$5.5 million for fiscal 2000, fiscal 1999 and fiscal 1998, respectively. Income from continuing operations, net income and related earnings per share amounts presented on a pro forma basis are as follows:

<i>Dollars in Thousands Except Per Share Amounts</i>	<i>Unaudited Pro Forma Fiscal Year Ended</i>		
	<i>January 29,</i>	<i>January 30,</i>	<i>January 31,</i>
	<i>2000</i>	<i>1999</i>	<i>1998</i>

(53 weeks)

Income from continuing operations before extraordinary item and cumulative effect of accounting change	\$513,862	\$424,512	\$301,129
Per diluted share	\$ 1.62	\$ 1.27	\$ .86
Net income	\$508,708	\$415,464	\$299,352
Per diluted share	\$ 1.60	\$ 1.24	\$ .85

For purposes of applying the provisions of SFAS No. 123 for the pro forma calculations, the fair value of each option grant issued during fiscal 2000, 1999 and 1998 is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 1% in each fiscal year, expected volatility of 46%, 40% and 38% in fiscal 2000, 1999 and 1998, respectively, a risk-free interest rate of 6.4% in fiscal 2000, 5.0% in fiscal 1999 and 5.8% in fiscal 1998, and expected holding periods of six years in all fiscal periods. The weighted average fair value of options granted during fiscal 2000, 1999 and 1998 was \$14.38, \$9.28 and \$5.52 per share, respectively.

The effects of applying SFAS No. 123 in this pro forma disclosure are not indicative of future amounts. SFAS No. 123 does not apply to awards prior to 1995, and additional awards in future years are anticipated.

The following table summarizes information about stock options outstanding as of January 29, 2000 (shares in thousands):

<i>Range of Exercise Prices</i>	<i>Options Outstanding</i>			<i>Options Exercisable</i>	
	<i>Shares</i>	<i>Weighted Average Remaining Contract Life</i>	<i>Weighted Average Exercise Price</i>	<i>Shares</i>	<i>Weighted Average Exercise Price</i>
\$ 2.5625 - \$ 6.3125	1,575	4.2 Years	\$ 5.06	1,575	\$ 5.06
\$ 6.3126 - \$10.6875	2,766	6.8 Years	9.71	2,433	9.58
\$10.6876 - \$14.4688	2,503	7.5 Years	13.97	1,340	14.44
\$14.4689 - \$21.7500	1,829	8.6 Years	21.74	604	21.74
\$21.7501 - \$30.5000	3,159	9.6 Years	29.21	28	23.94
Total	11,832	7.6 Years	\$17.06	5,980	\$10.77

During fiscal 1998, a special deferred compensation award was granted to the Company's then Chief Executive Officer, initially denominated in 900,000 shares of the Company's stock with a fair value of \$10.69 per share at the date of grant. The shares vested at the time of the grant and the Company recorded a deferred compensation charge of \$9.6 million at the time of the grant. The award provided the executive the option to periodically denominate the shares granted into other investments. The Company was subject to income statement charges or credits for changes in the fair market value of TJX common stock to the extent the award, or a portion thereof, was denominated in TJX stock. The Company recorded additional compensation expense of \$1.1 million, \$6.3 million and \$5.6 million in fiscal 2000, 1999 and 1998, respectively, due to the increase in market value of the shares of Company stock from date of grant. As of January 29, 2000, all of the shares have been denominated into other investments. The Company separately transferred funds to a trust in an amount equal to the value of the new investment elections at the time such elections were made by the executive. The trust assets are included in other assets on the balance sheet and are invested in a manner that matches the elections made by the executive. Thus, deferred compensation adjustments due to the change in the executive's deferred compensation account are offset by similar amounts due to gains or losses on the trust assets.

The Company has also issued restricted stock and performance based stock awards under the Stock Incentive Plan. Restricted stock awards are issued at par value, or at no cost, and have restrictions which generally lapse over three to five years from date of grant. At January 31, 1998, the performance based stock awards had either vested or been forfeited. The market value in excess of cost is charged to income ratably over the period during

which these awards vest, such pre-tax charges amounted to \$1.1 million, \$619,000 and \$2.7 million in fiscal years 2000, 1999 and 1998, respectively. The market value of the awards is determined at date of grant for restricted stock awards, and at the date shares are earned for performance based awards.

There has been a combined total of 131,480 shares, 4,000 shares and 1,023,834 shares for deferred, restricted and performance based awards issued in the fiscal years ended January 2000, 1999 and 1998, respectively. There were 3,000 and 300,000 shares forfeited for the fiscal years ended January 2000 and 1998, respectively. There were no shares forfeited during the fiscal year ended January 1999. The weighted average market value per share of these stock awards at grant date was \$29.55, \$18.03 and \$10.89 for fiscal 2000, 1999 and 1998, respectively.

During fiscal 1998, the Company formed a deferred stock compensation plan for its outside directors which replaced the Company's retirement plan for directors. Each director's deferred stock account has been credited with deferred stock to compensate for the value of such director's accrued retirement benefit. Additional share awards valued at \$10,000 are issued annually to each eligible director. Currently, there are 27,391 deferred shares outstanding, actual shares will be issued at retirement. The Company has 100,000 shares held in treasury from which such shares will be issued.

### *G. Capital Stock and Earnings Per Share*

*Capital Stock:* The Company distributed a two-for-one stock split, effected in the form of a 100% stock dividend, on June 25, 1998 to shareholders of record on June 11, 1998, which resulted in the issuance of 158.9 million shares of common stock and corresponding decreases of \$96.5 million in additional paid-in capital and \$62.4 million in retained earnings. Similar transfers were made between additional paid-in capital and common stock in the amount of \$79.8 million, reflecting the two-for-one stock split of June 26, 1997 to shareholders of record on June 11, 1997. All historical earnings per share amounts have been restated to reflect both two-for-one stock splits. Reference to common stock activity before the distribution of the related stock split has not been restated unless otherwise noted. All activity after the distribution date reflects the two-for-one stock splits.

On November 17, 1995, the Company issued 1.5 million shares of Series E cumulative convertible preferred stock as part of the purchase price for Marshalls. The shares of Series E preferred stock, initially issued at a face value of \$150 million, carried an annual dividend rate of \$7.00 per share. During fiscal 1998, 770,200 shares of the Series E preferred stock were voluntarily converted into 8.3 million shares of common stock and 2,500 shares were repurchased. During fiscal 1999, 357,300 shares of Series E were voluntarily converted into 6.7 million shares of common stock. On November 18, 1998, the remaining 370,000 shares of the Series E preferred stock were mandatorily converted into 8.0 million shares of common stock in accordance with its terms. Inducement fees of \$130,000 and \$3.8 million were paid on the Series E voluntary conversions in fiscal 1999 and fiscal 1998, respectively. The Company recorded aggregate dividends, including inducement fees, on its preferred stock of \$3.5 million in fiscal 1999 and \$11.7 million in fiscal 1998. The preferred dividends reduce net income in computing net income available to common shareholders. As of January 29, 2000, the Company has authorization for the issuance of up to 5 million shares of preferred stock with none issued or outstanding at January 29, 2000.

In June 1997, the Company announced a \$250 million stock repurchase program. During fiscal 1998, the Company repurchased and retired 17.1 million shares of common stock (adjusted for stock splits) for a cost of \$245.2 million. The program was completed in February 1998, at which time the Company announced a second \$250 million stock repurchase program. In October 1998, the Company completed the second \$250 million stock repurchase program, having repurchased 8.7 million shares, and announced its intentions to repurchase an additional \$750 million of common stock over the next several years. The Company spent \$601.3 million and \$95.5 million through January 29, 2000 and January 30, 1999, respectively, on this repurchase program. In total, through January 29, 2000, the Company repurchased and retired 27.7 million shares under the \$750 million repurchase program. Subsequent to year-end, the Company repurchased an additional 2.7 million shares, completing the \$750 million stock repurchase program and announced a new multi-year, \$1 billion stock repurchase program.



**Earnings Per Share:** The following schedule presents the calculation of basic and diluted earnings per share for income from continuing operations:

<i>Dollars in Thousands Except Per Share Amounts</i>	<i>Fiscal Year Ended</i>		
	<i>January 29, 2000</i>	<i>January 30, 1999</i>	<i>January 31, 1998 (53 weeks)</i>
<b>Basic earnings per share:</b>			
Income from continuing operations before extraordinary item and cumulative effect of accounting change	\$526,822	\$433,202	\$306,592
Less preferred stock dividends	-	3,523	11,668
Income from continuing operations before extraordinary item and cumulative effect of accounting change available to common shareholders	\$526,822	\$429,679	\$294,924
Weighted average common stock outstanding			
for basic earnings per share	314,577,145	318,073,081	321,474,046
Basic earnings per share	\$ 1.67	\$ 1.35	\$ .92
<b>Diluted earnings per share:</b>			
Income from continuing operations before extraordinary item and cumulative effect of accounting change available to common shareholders	\$526,822	\$429,679	\$294,924
Add preferred stock dividends	-	3,523	11,668
Income from continuing operations before extraordinary item and cumulative effect of accounting change for diluted earnings per share calculation	\$526,822	\$433,202	\$306,592
Weighted average common stock outstanding			
for basic earnings per share	314,577,145	318,073,081	321,474,046
Assumed conversion of:			
Convertible preferred stock	-	10,914,354	24,032,172
Stock options and awards	3,213,619	5,660,515	4,105,966
Weighted average common shares for diluted earnings per share calculation	317,790,764	334,647,950	349,612,184
Diluted earnings per share	\$ 1.66	\$ 1.29	\$ .88

The weighted average common shares for diluted earnings per share calculation at January 29, 2000 excludes the incremental effect related to outstanding stock options whose exercise price is in excess of the average price of the Company's stock of \$28.50 for the fiscal year. These options are excluded due to their antidilutive effect at January 29, 2000.

#### *H. Income Taxes*

The provision for income taxes includes the following:

<i>In Thousands</i>	<i>Fiscal Year Ended</i>		
	<i>January 29, 2000</i>	<i>January 30, 1999</i>	<i>January 31, 1998 (53 weeks)</i>
<b>Current:</b>			
Federal	\$255,277	\$231,811	\$172,026
State	49,836	45,117	39,200
Foreign	20,212	13,784	8,117
<b>Deferred:</b>			
Federal	3,885	(13,084)	(3,432)
State	1,984	(2,306)	(326)
Foreign	(4,079)	(4,512)	94
Provision for income taxes	\$327,115	\$270,810	\$215,679

The Company had a net deferred tax asset as follows:

<i>In Thousands</i>	<i>January 29, 2000</i>	<i>January 30, 1999</i>
Deferred tax assets:		
Foreign net operating loss carryforward	\$ 30,107	\$ 30,660
Reserve for discontinued operations	10,900	12,074
Reserve for closed store and restructuring costs	11,569	19,767
Insurance costs not currently deductible for tax purposes	1,025	7,496
Pension, postretirement and employee benefits	48,968	48,556
Leases	15,596	13,379
Other	24,709	24,255
Valuation allowance	(15,678)	(27,321)
Total deferred tax assets	127,196	128,866
Deferred tax liabilities:		
Property, plant and equipment	19,240	17,056
Safe harbor leases	24,450	31,738
Tradenname	45,408	47,373
Other	14,955	10,313
Total deferred tax liabilities	104,053	106,480
Net deferred tax asset	\$ 23,143	\$ 22,386

The Company has elected to repatriate the fiscal 2000 and 1999 earnings of its Canadian subsidiary. The majority of the fiscal 2000 and 1999 earnings from of its Canadian subsidiary were repatriated and deferred foreign tax credits have been provided for on the undistributed portions for these years. Prior earnings of its Canadian subsidiary and all the earnings of the Company's other foreign subsidiaries are indefinitely reinvested and no deferred taxes have been provided for on those earnings.

The Company has a United Kingdom and a Netherlands net operating loss carryforward of approximately \$51 million and \$9 million, respectively, for both tax and financial reporting purposes. The United Kingdom and Netherlands net operating losses do not expire under the current tax laws of each country. The Company also has a Puerto Rico net operating loss carryforward of approximately \$30 million, for tax and financial reporting purposes, which was acquired in the Marshalls acquisition and expires in fiscal years 2001 through 2003. The Company recognized a deferred tax asset of \$8.0 million and \$3.4 million, in fiscal years 2000 and 1999 respectively, for the estimated future utilization of the Puerto Rico net operating loss carryforward. The valuation allowance relates to the Company's foreign net operating losses that have not yet been recognized or are likely to expire. Additional utilization of these net operating loss carryforwards is dependent upon future earnings of the Company's foreign subsidiaries.

The Company's worldwide effective tax rate was 38% for the fiscal years ended January 29, 2000, and January 30, 1999, and 41% for the fiscal year ended January 31, 1998. The difference between the U.S. federal statutory income tax rate and the Company's worldwide effective income tax rate is summarized as follows:

	<i>Fiscal Year Ended</i>		
	<i>January 29, 2000</i>	<i>January 30, 1999</i>	<i>January 31, 1998</i>
U.S. federal statutory income tax rate	35%	35%	35%
Effective state income tax rate	4	4	5
Impact of foreign operations	(1)	(1)	-
All other	-	-	1
Worldwide effective income tax rate	38%	38%	41%

# *1. Pension Plans and Other Retirement Benefits*

The Company has a non-contributory defined benefit retirement plan covering the majority of full-time U.S. employees. Employees who have attained twenty-one years of age and have completed one year of service are covered under the plan. Benefits are based on compensation earned in each year of service. The Company also has an unfunded supplemental retirement plan which covers certain key employees of the Company and provides additional retirement benefits based on average compensation and an unfunded postretirement medical plan which provides limited postretirement medical and life insurance benefits to associates who participate in the Company's retirement plan and who retire at age fifty-five or older with ten or more years of service.

Presented below is certain financial information relating to the Company's retirement plans for the fiscal years indicated:

<i>Dollars in Thousands</i>	<i>Pension</i>		<i>Postretirement Medical</i>	
	<i>Fiscal Year Ended</i>		<i>Fiscal Year Ended</i>	
	<i>January 29, 2000</i>	<i>January 30, 1999</i>	<i>January 29, 2000</i>	<i>January 30, 1999</i>
<i>Change in benefit obligation:</i>				
Benefit obligation at beginning of year	\$152,047	\$127,148	\$24,992	\$21,172
Service cost	11,781	10,538	1,366	1,405
Interest cost	10,768	9,647	1,430	1,610
Participants' contributions	-	-	14	11
Actuarial (gains) losses	(20,393)	11,027	(8,165)	1,712
Settlement	(7,434)	-	-	-
Benefits paid	(6,039)	(5,497)	(1,108)	(918)
Expenses paid	(720)	(816)	-	-
Benefit obligation at end of year	<u>\$140,010</u>	<u>\$152,047</u>	<u>\$18,529</u>	<u>\$24,992</u>
<i>Change in plan assets:</i>				
Fair value of plan assets at beginning of year	\$123,191	\$110,234	\$ -	\$ -
Actual return on plan assets	15,024	8,164	-	-
Employer contribution	8,735	11,106	1,094	907
Participants' contributions	-	-	14	11
Benefits paid	(6,039)	(5,497)	(1,108)	(918)
Expenses paid	(720)	(816)	-	-
Fair value of plan assets at end of year	<u>\$140,191</u>	<u>\$123,191</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Reconciliation of funded status:</i>				
Benefit obligation at end of year	\$140,010	\$152,047	\$18,529	\$24,992
Fair value of plan assets at end of year	<u>140,191</u>	<u>123,191</u>	<u>-</u>	<u>-</u>
Funded status - excess (assets) obligations	(181)	28,856	18,529	24,992
Unrecognized transition obligation	447	522	-	-
Unrecognized prior service cost	685	773	1,278	1,616
Unrecognized actuarial (gains) losses	(21,282)	4,909	(4,167)	3,997
Net actuarial liability recognized	<u>\$ 19,969</u>	<u>\$ 22,652</u>	<u>\$21,418</u>	<u>\$19,379</u>
<i>Weighted average assumptions:</i>				
Discount rate	7.66%	6.63%	7.75%	6.75%
Expected return on plan assets	9.00%	9.00%	N/A	N/A
Rate of compensation increase	4.00%	4.00%	4.00%	4.00%

The projected benefit obligation and accumulated benefit obligation of the Company's unfunded supplemental retirement plan was \$18.6 million and \$14.3 million, respectively, as of January 29, 2000 and \$26.2 million and \$20.1 million, respectively, as of January 30, 1999.

For measurement purposes of the postretirement medical plan, a 3.77% annual rate of increase in the per capita cost of covered health care benefits was assumed and is gradually reduced to zero. The impact of medical inflation eventually diminishes because of the \$3,000 per capita annual limit on medical benefits. An increase in the assumed health care cost trend rate of one percentage point for all future years would increase the accumulated postretirement benefit obligation at January 29, 2000 by about \$868,000 and the total of the service cost and interest cost components of net periodic postretirement cost for fiscal 2000, by about \$151,000. Similarly, decreasing the trend rate by one percentage point for all future years would decrease the accumulated postretirement benefit obligation at January 29, 2000 by about \$826,000 as well as the total of the service cost and interest cost components of net periodic postretirement cost for fiscal 2000, by about \$145,000.

Following are the components of net periodic benefit cost:

<i>In Thousands</i>	<i>Pension Fiscal Year Ended</i>			<i>Postretirement Medical Fiscal Year Ended</i>		
	<i>January 29, 2000</i>	<i>January 30, 1999</i>	<i>January 31, 1998</i>	<i>January 29, 2000</i>	<i>January 30, 1999</i>	<i>January 31, 1998</i>
Service cost	\$ 11,781	\$10,538	\$ 8,372	\$1,366	\$1,405	\$1,366
Interest cost	10,768	9,647	8,398	1,430	1,610	1,649
Expected return on plan assets	(11,060)	(9,991)	(7,937)	-	-	-
Amortization of transition obligation	75	75	75	-	-	-
Amortization of prior service cost	87	87	837	332	338	749
Recognized actuarial losses	415	2,702	206	-	103	-
Net periodic benefit cost	<u>\$ 12,066</u>	<u>\$13,058</u>	<u>\$ 9,951</u>	<u>\$3,128</u>	<u>\$3,456</u>	<u>\$3,764</u>

During the fiscal year ended January 29, 2000, the Company and its then Chief Executive Officer entered into an agreement whereby the executive waived his right to benefits under the Company's nonqualified plan in exchange for the Company's funding of a split-dollar life insurance policy. The exchange was accounted for as a settlement and the Company incurred a \$1.5 million settlement loss, which is primarily the recognition of a portion of the deferred losses under the plan. The benefit exchange was designed so that the after-tax cash expenditures by the Company on the split-dollar policy are substantially equivalent on a present value basis to the after-tax cash expenditures the Company would have incurred under the nonqualified plan.

The Company also sponsors an employee savings plan under Section 401(k) of the Internal Revenue Code for all eligible U.S. employees. Employees may contribute up to 15% of eligible pay. The Company matches employee contributions, up to 5% of eligible pay, at rates ranging from 25% to 50% based upon Company performance. The Company contributed, for all 401(k) plans, \$6.2 million in fiscal 2000, \$6.4 million in fiscal 1999 and \$5.7 million in fiscal 1998.

In the fourth quarter of fiscal 1999, the Company established a nonqualified savings plan for certain U.S. employees. The Company matches employee contributions at various rates which amounted to \$634,000 in fiscal 2000 and \$210,000 in fiscal 1999. The Company transfers employee withholdings and the related company match to a separate trust designated to fund the future obligations. The Company includes the trust assets in other assets on the balance sheets.

In addition to the plans described above, the Company also maintains retirement/deferred savings plans for all eligible associates at its foreign subsidiaries. The Company contributed for these plans \$682,000, \$534,000 and \$440,000 in fiscal years 2000, 1999 and 1998, respectively.

### *J. Accrued Expenses and Other Current Liabilities*

The major components of accrued expenses and other current liabilities are as follows:

<i>In Thousands</i>	<i>January 29, 2000</i>	<i>January 30, 1999</i>
Employee compensation and benefits	\$197,237	\$173,630
Reserve for discontinued operations	27,304	29,660
Store closing and restructuring reserve, continuing operations	15,731	44,598
Insurance	26,436	44,654
Rent, utilities, advertising and other	383,630	396,451
Accrued expenses and other current liabilities	<u>\$650,338</u>	<u>\$688,993</u>

The Company's reserve for discontinued operations relates to obligations the Company retained or incurred in connection with the sale of its former Zayre, Hit or Miss and Chadwick's operations. During fiscal 2000, net expenditures of \$2.3 million, relating primarily to lease obligations, reduced the reserve. During fiscal 1999, the reserve increased by a net amount of \$11.9 million. The Company added \$15 million to the reserve for additional lease related obligations, primarily for Hit or Miss locations, which was offset by charges against the reserve in fiscal 1999 of \$3.1 million, primarily for charges for lease related costs associated with the former Zayre stores. The balance in the discontinued operations reserve of \$27.3 million as of January 29, 2000 is for lease related obligations of the former Zayre and Hit or Miss locations, which are expected to reduce operating cash flows in varying amounts over the next ten to fifteen years, as leases reach their expiration dates or are settled.

The reserve for store closings and restructurings is primarily for costs associated with the disposition and settlement of leases for the T.J. Maxx and Marshalls closings anticipated as a result of the Marshalls acquisition. The initial reserves established in fiscal 1996 were estimated at \$244.1 million for the Marshalls store closing and restructuring plan and \$35.0 million for the closing of certain T.J. Maxx stores. The estimated cost of \$244.1 million for the Marshalls closings, recorded in fiscal 1996, was reduced in subsequent years due to a reduction in the number of planned closings and a reduction in the estimated cost of settling the related lease obligations. Reflecting these changes, the Company reduced the total reserve by \$85.9 million in fiscal 1997 with additional adjustments reducing the reserve by \$15.8 million in fiscal 1998 and \$3.0 million in fiscal 2000. This reserve was a component of the allocation of the purchase price for Marshalls and the reserve adjustments in each fiscal year resulted in a corresponding reduction in the value assigned to the long-term assets acquired. The revised estimated cost for the Marshalls closing and restructuring plan of \$139.4 million, includes \$67.8 million for lease related obligations for 70 store and other facility closings, \$9.6 million for property write-offs, \$44.1 million for inventory markdowns and \$17.9 million for severance, professional fees and all other costs associated with the restructuring plan. Property write-offs were the only non-cash charge to the reserve. The reserve established for the closing of certain T.J. Maxx stores in connection with the Marshalls acquisition was initially estimated at \$35.0 million and was recorded as a pre-tax charge to income from continuing operations in fiscal 1996. Due to lower than anticipated costs of the T.J. Maxx closings, the Company recorded a pre-tax credit to income from continuing operations of \$300,000 in fiscal 2000, \$1.8 million in fiscal 1999 and \$8.0 million in fiscal 1997. An additional charge to continuing operations of \$700,000 was recorded in fiscal 1998. The revised estimated cost of the T.J. Maxx closings of \$25.6 million, includes \$13.5 million for lease related obligations of 32 store closings, non-cash charges of \$9.8 million for property write-offs and \$2.3 million for severance, professional fees and all other costs associated with the closings. All of the Marshalls and T.J. Maxx stores identified in the plan were closed as of January 30, 1998.

The remaining balance in the store closing and restructuring reserve as of January 29, 2000 is \$15.7 million. This balance is primarily for the estimated cost of the future lease obligations of the closed stores. The estimates and assumptions used in developing the remaining reserve requirements are subject to change, however, TJX believes it has adequate reserves for these obligations. The reserve also includes some activity relating to several HomeGoods store closings, the impact of which is immaterial. The following is a summary of the activity in the store closing and restructuring reserve for the last three fiscal years:

<i>In Thousands</i>	<i>Fiscal Year Ended</i>		
	<i>January 29, 2000</i>	<i>January 30, 1999</i>	<i>January 31, 1998</i>
Balance at beginning of year	\$ 44,598	\$ 57,966	\$ 95,867
Additions to the reserve	-	1,961	-
Reserve adjustments:			
Adjust Marshalls restructuring reserve	(3,000)	-	(15,843)
Adjust T.J. Maxx store closing reserve	(300)	(1,800)	700
Charges against the reserve:			
Lease related obligations	(23,734)	(12,521)	(13,593)
Severance and all other cash charges	-	(927)	(1,876)
Net activity relating to HomeGoods closings	(1,833)	(81)	(1,887)
Non-cash property write-offs	-	-	(5,402)
Balance at end of year	\$ 15,731	\$ 44,598	\$ 57,966

The use of the reserve will reduce operating cash flows in varying amounts over the next ten to fifteen years as the related leases reach their expiration dates or are settled.

#### *K. Supplemental Cash Flows Information*

There were no cash flows attributable to the operating results of the Company's discontinued operations during the years ended January 29, 2000 or January 30, 1999. The cash provided by discontinued operations for fiscal 1998 represents the collection of the balance of the credit card receivables retained by the Company upon the sale of its former Chadwick's division. The Company is also responsible for certain leases related to, and other obligations arising from, the sale of these operations, for which reserves have been provided in its reserve for discontinued operations. These reserves are included in accrued expenses. The cash flow impact of these obligations is reflected as a component of cash provided by operating activities in the statements of cash flows.

The Company's cash payments for interest and income taxes, including discontinued operations, and its non-cash investing and financing activities are as follows:

<i>In Thousands</i>	<i>Fiscal Year Ended</i>		
	<i>January 29, 2000</i>	<i>January 30, 1999</i>	<i>January 31, 1998 (53 weeks)</i>
Cash paid for:			
Interest	\$ 19,018	\$ 22,542	\$ 26,359
Income taxes	332,622	275,538	199,025
Non-cash investing and financing activities:			
Conversion of Series E cumulative convertible preferred stock into common stock	-	\$ 72,730	\$ 77,020
Distribution of two-for-one stock split	-	158,954	79,823
Change in accrued expenses due to:			
Stock repurchase	(3,300)	12,575	-
Dividends payable	977	1,246	1,973

#### *L. Discontinued Operations and Related Contingent Liabilities*

In October 1988, the Company completed the sale of its former Zayre Stores division to Ames Department Stores, Inc. ("Ames"). In April 1990, Ames filed for protection under Chapter 11 of the Federal Bankruptcy Code and in December 1992, Ames emerged from bankruptcy under a plan of reorganization.

The Company remains contingently liable for the leases of most of the former Zayre stores still operated by Ames. The Company believes that the Company's contingent liability on these leases will not have a material effect on the Company's financial condition.

The Company is also contingently liable on certain leases of its former warehouse club operations (BJ's Wholesale Club and HomeBase), which was spun-off by the Company in fiscal 1990 as Waban Inc. During fiscal 1998, Waban Inc. was renamed HomeBase, Inc. and spun-off from its BJ's Wholesale Club division (BJ's Wholesale Club, Inc.). HomeBase, Inc. and BJ's Wholesale Club, Inc. are primarily liable on their respective leases and have indemnified the Company for any amounts the Company may have to pay with respect to such leases. In addition, HomeBase, Inc., BJ's Wholesale Club, Inc. and the Company have entered into agreements under which BJ's Wholesale Club, Inc. has substantial indemnification responsibility with respect to such HomeBase, Inc. leases. The Company is also contingently liable on certain leases of BJ's Wholesale Club, Inc. for which both BJ's Wholesale Club, Inc. and HomeBase, Inc. remain liable. The Company believes that its contingent liability on the HomeBase, Inc. and BJ's Wholesale Club, Inc. leases will not have a material effect on the Company's financial condition.

The Company is also contingently liable on approximately 24 store leases and the office and warehouse leases of its former Hit or Miss division which was sold by the Company in September 1995. During the third quarter of fiscal 1999, the Company increased its reserve for its discontinued operations by \$15 million (\$9 million after tax), primarily for potential lease liabilities relating to guarantees on leases of its former Hit or Miss division. The after-tax cost of \$9 million, or \$.02 per diluted share, was recorded as a loss from discontinued operations.

#### *M. Segment Information*

The Company has two reportable segments. The off-price family apparel segment includes the T.J. Maxx, Marshalls and A.J. Wright domestic store chains and the Company's foreign store chains, Winners and T.K. Maxx. The Company manages the results of its T.J. Maxx and Marshalls chains on a combined basis. The other chains, whose operating results are managed separately, sell similar product categories and share similar economic and other characteristics of the T.J. Maxx and Marshalls operations and are aggregated with the off-price family apparel segment. This segment generated 8.9% of its fiscal 2000 revenue from its foreign operations. All of these stores offer apparel for the entire family with limited offerings of giftware and domestics. The Company's other segment, the off-price home fashion stores, is made up of the Company's HomeGoods stores, which offer a wide variety of home furnishings.

The Company evaluates the performance of its segments based on pre-tax income before general corporate expense, goodwill amortization and interest. For data on business segments for fiscal years 2000, 1999 and 1998, see page 22.

REPORT OF INDEPENDENT ACCOUNTANTS



To the Board of Directors and Shareholders of The TJX Companies, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, shareholders' equity and cash flows present fairly, in all material respects, the financial position of The TJX Companies, Inc. and subsidiaries (the "Company") at January 29, 2000 and January 30, 1999, and the results of its operations and its cash flows for each of the three years in the period ended January 29, 2000, in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Boston, Massachusetts  
February 29, 2000

REPORT OF MANAGEMENT

The financial statements and related financial information in this annual report have been prepared by management which is responsible for their integrity, objectivity and consistency. The financial statements were prepared in accordance with generally accepted accounting principles and necessarily include amounts which are based upon judgments and estimates made by management.

The Company maintains a system of internal controls designed to provide, at appropriate cost, reasonable assurance that assets are safeguarded, transactions are executed in accordance with management's authorization and the accounting records may be relied upon for the preparation of financial statements. The system of controls includes the careful selection and training of associates, and the communication and application of formal policies and procedures that are consistent with high standards of accounting and administrative practices. The accounting and control systems are continually reviewed, evaluated and where appropriate, modified to accommodate changing business conditions and the recommendations of the Company's internal auditors and the independent public accountants.

An Audit Committee, comprised of members of the Board of Directors who are neither officers nor employees of the Company, meets periodically with management, internal auditors and the independent public accountants to review matters relating to the Company's financial reporting, the adequacy of internal accounting controls and the scope and results of audit work. The Committee is responsible for reporting the results of its activities and for recommending the selection of independent auditors to the full Board of Directors. The internal auditors and the independent public accountants have free access to the Committee and the Board of Directors.

The financial statements have been examined by PricewaterhouseCoopers LLP, whose report appears separately. Their report expresses an opinion as to the fair presentation of the consolidated financial statements and is based on an independent examination performed in accordance with generally accepted auditing standards.

Bernard Cammarata  
Chairman and Chief Executive Officer

Donald G. Campbell  
Executive Vice President - Finance and  
Chief Financial Officer

February 29, 2000



MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
RESULTS OF OPERATIONS AND FINANCIAL CONDITION

*Accounting Change*

In February 2000, TJX announced it had adopted the provisions of the Securities and Exchange Commission's Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition in Financial Statements," issued in December 1999. The SAB requires that "layaway sales" (when a customer puts merchandise on hold for pick up within 30 days) be recorded as a sale at the time the customer picks up the merchandise. We had previously recorded such sales at the time the customer paid a deposit and had the merchandise put on hold. TJX restated its earnings for the first three quarters of the fiscal year ended January 29, 2000 and recorded a \$5.2 million, or \$.02 per share, non-cash charge for the cumulative effect of the accounting change, effective January 31, 1999. The accounting change simply defers the recognition of the layaway sales, and on a full year basis has little impact on our results of operations. However, due to the seasonal influences of the business the accounting change results in a shift of sales and earnings among our quarterly reporting periods. Presented below is a summary of the restated income statement data for the first three quarters of the fiscal year ended January 29, 2000:

<i>Dollars In Thousands Except Per Share Amounts</i>	<i>13 Weeks Ended May 1, 1999</i>		<i>13 Weeks Ended July 31, 1999</i>		<i>13 Weeks Ended October 30, 1999</i>	
	<i>As Reported</i>	<i>As Restated</i>	<i>As Reported</i>	<i>As Restated</i>	<i>As Reported</i>	<i>As Restated</i>
Net sales	\$1,952,084	\$1,930,506	\$2,098,644	\$2,102,851	\$2,257,094	\$2,235,054
Cost of sales, including buying and occupancy costs	1,431,479	1,418,792	1,583,132	1,585,248	1,659,885	1,646,270
Income before cumulative effect of accounting change	127,662	122,274	114,679	115,881	156,974	151,717
Cumulative effect of accounting change, net of income taxes	-	(5,154)	-	-	-	-
Net income	\$ 127,662	\$ 117,120	\$ 114,679	\$ 115,881	\$ 156,974	\$ 151,717
Diluted earnings per share:						
Income before cumulative effect of accounting change	\$ .39	\$ .38	\$ .36	\$ .36	\$ .50	\$ .48
Net income	\$ .39	\$ .36	\$ .36	\$ .36	\$ .50	\$ .48

*Results of Operations*

*Continuing Operations:* Income from continuing operations before extraordinary item and cumulative effect of accounting change ("income from continuing operations") was \$526.8 million in fiscal 2000, \$433.2 million in fiscal 1999, and \$306.6 million in fiscal 1998. Income from continuing operations per share was \$1.66 in fiscal 2000, versus \$1.29 in fiscal 1999 and \$.88 in fiscal 1998.

Net sales for fiscal 2000 were \$8.80 billion, an increase of 10.6% over net sales of \$7.95 billion in fiscal 1999. Net sales for fiscal 1999 increased 7.6% over net sales of \$7.39 billion in fiscal 1998. Fiscal 1998 included 53 weeks while fiscal 2000 and 1999 each included 52 weeks. The increase in net sales for fiscal 1999 over a comparable 52-week period in fiscal 1998 was 9.0%. Consolidated same store sales on a 52-week basis increased 5% in fiscal 2000 and fiscal 1999. Percentage increases in same store sales, on a divisional basis, are as follows:

	<i>Fiscal Year Ended</i>	
	<i>January 29, 2000</i>	<i>January 30, 1999</i>
Marmaxx	+4%	+5%
Winners	+8%	+13%
T.K. Maxx	+12%	+12%
HomeGoods	+13%	+ 9%

New store growth and comparable store sales increases resulted in the overall sales growth. Net sales at Marmaxx (the internal combination of T.J. Maxx and Marshalls) reflects strong performance geographically throughout the country in fiscal 2000 with non-apparel sales gains generally ahead of increases in apparel sales. Winners and T.K. Maxx sales performance in both years reflects the growing acceptance of the off-price concept in their respective countries. HomeGoods also has shown improvement in both fiscal 2000 and 1999, as it is positioned to participate in the rapidly growing home furnishings market. A.J. Wright has shown progress as we continue to pursue marketing strategies designed to educate the moderate-income consumer about the off-price concept.

Cost of sales, including buying and occupancy costs, as a percentage of net sales was 74.8%, 74.9% and 76.8% in fiscal 2000, 1999 and 1998, respectively. The improvement in this ratio in fiscal 2000 and fiscal 1999, as compared to fiscal 1998, largely reflects the integration of the benefits associated with the acquisition of Marshalls. Fiscal 2000 and 1999 also reflect a reduction in occupancy costs as a percentage of net sales as compared to fiscal 1998. TJX has also managed its inventories tightly, allowing us to take advantage of better buys in the marketplace. This has aided merchandise margins, primarily at Marmaxx, while, at the same time, allowing us to pass on better values to our customers.

Selling, general and administrative expenses as a percentage of net sales were 15.4% in fiscal 2000, 16.2% in fiscal 1999 and 16.0% in fiscal 1998. This ratio is largely influenced by certain corporate charges and other gains and losses included in corporate expenses over the last three years. Selling, general and administrative expenses for fiscal 2000 include a pre-tax gain of \$8.5 million, due to the receipt of common stock in the demutualization of Manulife Financial, while fiscal 1999 includes charges of \$7.5 million for a charitable cash donation to The TJX Foundation, \$3.5 million for the settlement of the Hit or Miss note receivable and \$6.3 million associated with an executive deferred compensation award. These components result in a reduction in the selling, general and administrative expenses as a percentage of net sales in fiscal 2000 as compared to fiscal 1999. Selling, general and administrative expenses for fiscal 1998 included a charge of \$15.2 million associated with the foregoing executive deferred compensation award, offset by a gain of \$6.0 million from the sale of Brylane, Inc. common stock, as compared to the aggregate charges of \$17.3 million for fiscal 1999 referenced above. This resulted in an increase in selling, general and administrative expenses as a percentage of net sales in fiscal 1999, as compared to fiscal 1998. In fiscal 2000, the improvement in this ratio also reflects the benefit of our sales growth along with the leveraging of expenses, particularly at our newer divisions.

Interest expense, net of interest income, was \$7.3 million, \$1.7 million and \$4.5 million in fiscal 2000, 1999 and 1998, respectively. Interest income was \$13.1 million in fiscal 2000 versus \$20.5 million and \$21.6 million in fiscal 1999 and 1998, respectively. The increase in net interest expense for fiscal 2000 is due to the reduction in interest income. The reduction in interest income is largely the result of TJX's stock repurchase activity in fiscal 2000, as compared to the prior year.

TJX's effective income tax rate was 38% in fiscal 2000 and fiscal 1999 and 41% in fiscal 1998. The reduction in the fiscal 2000 and fiscal 1999 effective income tax rates is due to a lower effective state income tax rate, the benefit of foreign tax credits and foreign net operating loss carryforwards. In addition the fiscal 1999 rate was aided by a charitable donation of appreciated property. In fiscal 2000 and fiscal 1999, TJX elected to repatriate the current year earnings of its Canadian subsidiary, which favorably affected the tax provision.

**Segment Results:** TJX's information on its major business segments is presented in Note M to the consolidated financial statements. Certain divisions are aggregated for segment reporting purposes. Presented below is a summary of additional operating statistics of TJX and its major operating divisions. Operating income is pre-tax income before general corporate expense, goodwill amortization and interest.

Dollars In Millions	Net Sales Fiscal Year Ended January			Operating Income Fiscal Year Ended January			Operating Margin Fiscal Year Ended January		
	2000	1999	1998	2000	1999	1998	2000	1999	1998
TJX Consolidated	\$8,795.3	\$7,949.1	\$7,389.1	\$901.1	\$777.8	\$588.3	10.2%	9.8%	8.0%
Marmaxx	7,779.8	7,196.3	6,814.4	849.6	753.9	574.9	10.9	10.5	8.4
Winners	466.8	387.4	326.3	54.9	39.8	25.5	11.8	10.3	7.8
T.K. Maxx	298.7	222.1	150.2	6.5	(2.2)	(3.4)	2.2	(1.0)	(2.3)
HomeGoods	206.8	132.5	98.1	4.6	(5.0)	(8.6)	2.2	(3.7)	(8.8)

*Net Income:* Net income for fiscal 2000 includes a \$5.2 million charge, or \$.02 per share, for the cumulative effect of the accounting change for layaway sales. Net income for fiscal 1999 includes an after-tax charge to discontinued operations of \$9.0 million for lease related obligations, primarily for our former Hit or Miss stores. Fiscal 1998 includes an extraordinary charge of \$1.8 million for the early retirement of debt.

Net income, after reflecting the above items, was \$521.7 million, or \$1.64 per share in fiscal 2000, \$424.2 million, or \$1.27 per share in fiscal 1999 and \$304.8 million, or \$.87 per share in fiscal 1998.

#### *Capital Sources and Liquidity*

*Operating Activities:* Net cash provided by operating activities was \$578.0 million, \$628.9 million and \$383.5 million in fiscal 2000, 1999 and 1998, respectively. The decrease in cash provided by operations in fiscal 2000 versus fiscal 1999 reflects funding of the trusts related to deferred compensation arrangements, and the reduction of certain accrued expenses, primarily insurance obligations and the store closing and restructuring reserve, as compared to fiscal 1999. The increase in cash provided by operations in fiscal 2000 and fiscal 1999, as compared to fiscal 1998, reflects increased earnings and strong inventory management. Inventories as a percentage of net sales were 14.0% in fiscal 2000, 14.9% in fiscal 1999 and 16.1% in fiscal 1998. Strong sales volume, coupled with tight inventory control, resulted in faster inventory turns, all of which favorably impacted the inventory ratios for fiscal 2000 and fiscal 1999. Working capital was \$334.2 million in fiscal 2000, \$436.3 million in fiscal 1999 and \$465.0 million in fiscal 1998. The reduction in fiscal 2000, as compared to fiscal 1999 and fiscal 1998, reflects a lower cash position at year-end and an increase in the current installments of long-term debt.

The cash flows from operating activities for fiscal 2000, 1999 and 1998 have been reduced by \$27.9 million, \$16.6 million and \$23.2 million, respectively, for cash expenditures charged against the store closing and restructuring reserve, and the discontinued operations reserve.

The reserve for store closings and restructurings is primarily for costs associated with the disposition and settlement of leases for the T.J. Maxx and Marshalls closings anticipated as a result of the Marshalls acquisition. The initial reserves established in fiscal 1996 were estimated at \$244.1 million for the Marshalls store closing and restructuring plan and \$35.0 million for the closing of certain T.J. Maxx stores. The estimated cost of \$244.1 million for the Marshalls closings, recorded in fiscal 1996, was reduced in subsequent years due to a reduction in the number of planned closings and a reduction in the estimated cost of settling the related lease obligations. Reflecting these changes, TJX reduced the total reserve by \$85.9 million in fiscal 1997 with additional adjustments reducing the reserve by \$15.8 million in fiscal 1998 and \$3.0 million in fiscal 2000. This reserve was a component of the allocation of the purchase price for Marshalls and the reserve adjustments in each fiscal year resulted in a corresponding reduction in the value assigned to the long-term assets acquired. The revised estimated cost for the Marshalls closing and restructuring plan of \$139.4 million, includes \$67.8 million for lease related obligations for 70 store and other facility closings, \$9.6 million for property write-offs, \$44.1 million for inventory markdowns and \$17.9 million for severance, professional fees and all other costs associated with the restructuring plan. Property write-offs were the only non-cash charge to the reserve. The reserve established for the closing of certain T.J. Maxx stores in connection with the Marshalls acquisition was initially estimated at \$35.0 million and was recorded as a pre-tax charge to income from continuing operations in fiscal 1996. Due to lower than anticipated costs of the T.J. Maxx closings, TJX recorded a pre-tax credit to income from continuing operations of \$300,000 in fiscal 2000, \$1.8 million in fiscal 1999 and \$8.0 million in fiscal 1997. An additional charge to continuing operations of \$700,000 was recorded in fiscal 1998. The revised estimated cost of the T.J. Maxx closings of \$25.6 million, includes \$13.5 million for lease related obligations of 32 store closings, non-cash charges of \$9.8 million for property write-offs and \$2.3 million for severance, professional fees and all other costs associated with the closings. All of the Marshalls and T.J. Maxx stores identified in the plan were closed as of January 30, 1998.

The remaining balance in the store closing and restructuring reserve as of January 29, 2000 is \$15.7 million. This balance is primarily for the estimated cost of the future lease obligations of the closed stores. The estimates and assumptions used in developing the remaining reserve requirements are subject to change, however, TJX believes it has adequate reserves for these obligations. The reserve also includes some activity relating to several HomeGoods store closings, the impact of which is immaterial. The following is a summary of the activity in the store closing and restructuring reserve for the last three fiscal years:

<i>In Thousands</i>	<i>Fiscal Year Ended</i>		
	<i>January 29, 2000</i>	<i>January 30, 1999</i>	<i>January 31, 1998</i>
Balance at beginning of year	\$ 44,598	\$ 57,966	\$ 95,867
Additions to the reserve	-	1,961	-
Reserve adjustments:			
Adjust Marshalls restructuring reserve	(3,000)	-	(15,843)
Adjust T.J. Maxx store closing reserve	(300)	(1,800)	700
Charges against the reserve:			
Lease related obligations	(23,734)	(12,521)	(13,593)
Severance and all other cash charges	-	(927)	(1,876)
Net activity relating to HomeGoods closings	(1,833)	(81)	(1,887)
Non-cash property write-offs	-	-	(5,402)
Balance at end of year	\$ 15,731	\$ 44,598	\$ 57,966

The use of the reserve will reduce operating cash flows in varying amounts over the next ten to fifteen years as the related leases reach their expiration dates or are settled. This future spending will not have a material impact on future cash flows or TJX's financial condition.

TJX also has a reserve for future obligations relating to its discontinued operations. During fiscal 2000, net expenditures of \$2.3 million, relating primarily to lease obligations, reduced the reserve. During fiscal 1999, the reserve increased by a net amount of \$11.9 million. We added \$15.0 million to the reserve for additional lease related obligations, primarily for our former Hit or Miss division, which was offset by charges against the reserve in fiscal 1999 of \$3.1 million, primarily for lease related costs associated with the former Zayre stores. The reserve decreased in fiscal 1998 by \$5.8 million, primarily due to settlement costs associated with our former Chadwick's division as well as lease related costs associated with the former Zayre and Hit or Miss locations. The balance of the discontinued operations reserve as of January 29, 2000 is \$27.3 million and relates to lease related obligations of the former Zayre and Hit or Miss locations. Future spending against the discontinued operations reserve will reduce operating cash flows in varying amounts over the next ten to fifteen years, as leases reach termination dates or are settled. This future spending will not have a material impact on future cash flows or TJX's financial condition. TJX is also contingently liable on certain leases of its discontinued operations. See Note L to the consolidated financial statements for further information.

*Investing Activities:* TJX's cash flows for investing activities include capital expenditures for the last two years as set forth in the table below:

<i>In Millions</i>	<i>Fiscal Year Ended</i>	
	<i>January 29, 2000</i>	<i>January 30, 1999</i>
New stores	\$ 81.2	\$ 66.7
Store renovations and improvements	96.1	92.1
Office and distribution centers	61.3	48.9
Capital expenditures	\$238.6	\$207.7

TJX expects that capital expenditures will approximate \$285 million for fiscal year 2001. This includes \$102.1 million for new stores, \$92.1 million for store renovations and improvements and \$90.8 million for our office and distribution centers.

Investing activities for fiscal 1999 and fiscal 1998 include proceeds of \$9.4 million and \$15.7 million, respectively, for the sale of shares of Brylane, Inc. common stock. The Brylane, Inc. common stock, all of which has been disposed of, was obtained through the conversion of a \$20 million convertible note received by the Company as partial consideration for the sale of Chadwick's. Fiscal 1998 also includes a payment by TJX, to Brylane, of \$33.2 million as a final settlement of the proceeds from the sale of Chadwick's. As part of the sale of Chadwick's, TJX retained the consumer credit card receivables of the division as of the closing date, which totaled approximately \$125 million, with \$54.5 million still outstanding as of January 25, 1997. The balance of the receivables was collected in the first quarter of fiscal 1998 and is classified as cash provided by discontinued operations.

*Financing Activities:* In December 1999, TJX issued \$200 million of 7.45% unsecured notes resulting in net proceeds of \$198.1 million. The proceeds are being used for general corporate purposes and in support of our ongoing stock repurchase program. The strong cash flows from operations exceeded our needs in fiscal 1999 and fiscal 1998, thus no additional borrowings were required in those years. Financing activities include principal payments on long-term debt of \$695,000 in fiscal 2000, \$23.4 million in fiscal 1999 and \$27.2 million in fiscal 1998. Fiscal 1998 principal payments included \$8.5 million to fully retire our 9½% sinking fund debentures.

At year-end, TJX had a \$750 million, multi-year, stock repurchase program in effect under which it had repurchased 27.7 million shares at an aggregate cost of \$696.8 million through January 29, 2000. Subsequent to year-end, TJX repurchased an additional 2.7 million shares, completing the \$750 million stock repurchase program and announced a new multi-year, \$1 billion stock repurchase program. In addition, during fiscal 1998 and fiscal 1999, TJX also repurchased stock under two separate \$250 million stock repurchase programs. TJX has had cash expenditures, under all of its programs, of \$604.6 million, \$337.7 million and \$245.2 million in fiscal 2000, 1999 and 1998, respectively, funded primarily by excess cash generated from operations. The total common shares repurchased (adjusted for stock splits) amounted to 23.6 million shares in fiscal 2000, 15.6 million in fiscal 1999 and 17.1 million in fiscal 1998.

TJX declared quarterly dividends on its common stock of \$.035 per share in fiscal 2000, \$.03 per share in fiscal 1999 and \$.025 per share in fiscal 1998. Cash payments for dividends on its common stock totaled \$42.7 million in fiscal 2000, \$36.5 million in fiscal 1999 and \$29.4 million in fiscal 1998. Prior to fiscal 2000, TJX also had dividend requirements on all of its outstanding preferred stock that resulted in cash outlays of \$3.9 million in fiscal 1999 and \$12.1 million in fiscal 1998. During fiscal 1998, 770,200 shares of the Series E preferred stock were voluntarily converted into 8.3 million shares of common stock and 2,500 shares were repurchased. During fiscal 1999, 357,300 shares of Series E preferred stock were voluntarily converted into 6.7 million shares of common stock. On November 18, 1998 the remaining 370,000 outstanding shares of the Series E preferred stock were mandatorily converted into 8.0 million shares of common stock in accordance with its terms. Inducement fees of \$130,000 and \$3.8 million were paid on the Series E voluntary conversions in fiscal 1999 and fiscal 1998, respectively. The inducement fees are classified as preferred dividends and were paid through the respective conversion dates. Financing activities for fiscal 2000, 1999 and 1998 also include proceeds of \$21.0 million, \$27.8 million and \$15.5 million, respectively, from the exercise of employee stock options. These proceeds include \$11.7 million, \$13.8 million and \$6.1 million for related tax benefits in fiscal 2000, 1999 and fiscal 1998, respectively.

TJX has traditionally funded its seasonal merchandise requirements through cash generated from operations, short-term bank borrowings and the issuance of short-term commercial paper. TJX has the ability to borrow up to \$500 million under a five-year revolving credit facility into which it entered in September 1997. This agreement replaced the agreement into which it entered at the time of the Marshalls acquisition and contains certain financial covenants, including a fixed charge coverage ratio and a leverage ratio. In fiscal 1998, TJX recorded an extraordinary charge of \$1.8 million, or \$.01 per share, on the write-off of deferred financing costs associated with the former agreement. As of January 29, 2000, the entire \$500 million was available for use. The maximum amount outstanding under the agreement during fiscal 2000 was \$108 million, with no borrowings under this agreement during fiscal 1999 or fiscal 1998. TJX also has C\$40 million of credit lines for its Canadian operations, all of which were available for use as of January 29, 2000. The maximum amount outstanding under its Canadian credit line during fiscal 2000, 1999 and 1998 was C\$19.2 million, C\$15.6 million and C\$12.1 million, respectively. TJX management believes that its current credit facilities are more than adequate to meet its operating needs. See Notes C and G to the consolidated financial statements for further information regarding our long-term debt, capital stock transactions and available financing sources.

TJX is exposed to foreign currency exchange rate risk on its investment in its Canadian (Winners) and European (T.K. Maxx) operations. As more fully described in Note D to the consolidated financial statements, we hedge a significant portion of our net investment and certain merchandise commitments in these operations with derivative financial instruments. TJX utilizes currency forward and swap contracts, designed to offset the gains or losses in the underlying exposures. The contracts are executed with creditworthy banks and are denominated in currencies of major industrial countries. TJX does not enter into derivatives for speculative trading purposes.

## The Year 2000 Issue

As discussed in TJX's prior filings, we have devoted significant effort in addressing the Year 2000 ("Y2K") issue, as it related to our operations. We did not incur any significant Y2K problems in our information technology systems or our non-information technology systems. Our systems and applications are effectively processing information in order to support ongoing operations in the year 2000 and beyond. While we believe we have effectively addressed the Y2K issue, there can be no assurance that all the issues have been addressed, or that third parties with whom we conduct business will not experience Y2K problems in the future. As of January 29, 2000, TJX had incurred \$12 million of costs related to Y2K issues and does not anticipate any significant expenditures on this issue going forward.

## FORWARD-LOOKING INFORMATION

Certain statements contained in this Annual Report are forward-looking and involve a number of risks and uncertainties. Among the factors that could cause actual results to differ materially are the following: general economic conditions and consumer demand and consumer preferences and weather patterns in the U.S., Canada and Europe; competitive factors, including continuing pressure from pricing and promotional activities of competitors; impact of excess retail capacity and the availability of desirable store locations on suitable terms; the availability, selection and purchasing of attractive merchandise on favorable terms; import risks, including potential disruptions and duties, tariffs and quotas on imported merchandise, including economic and political problems in countries from which merchandise is imported; currency and exchange rate factors in the Company's foreign operations; risks in the development of new businesses and application of the Company's off-price strategies in foreign countries; acquisition and divestment activities; and other factors that may be described in the Company's filings with the Securities and Exchange Commission. The Company does not undertake to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.

## PRICE RANGE OF COMMON STOCK

The following per share data reflects the two-for-one stock split distributed in June 1998.

The common stock of the Company is listed on the New York Stock Exchange (Symbol: TJX). The quarterly high and low trading stock prices for fiscal 2000 and fiscal 1999 are as follows:

Quarter	Fiscal 2000		Fiscal 1999	
	High	Low	High	Low
First	\$37	\$27 <sup>1</sup> / <sub>16</sub>	\$23 <sup>3</sup> / <sub>4</sub>	\$17 <sup>3</sup> / <sub>16</sub>
Second	35 <sup>15</sup> / <sub>16</sub>	28 <sup>3</sup> / <sub>4</sub>	28 <sup>7</sup> / <sub>16</sub>	22 <sup>3</sup> / <sub>16</sub>
Third	33 <sup>1</sup> / <sub>2</sub>	24	28	15 <sup>1</sup> / <sub>2</sub>
Fourth	27 <sup>13</sup> / <sub>16</sub>	16 <sup>1</sup> / <sub>4</sub>	31 <sup>1</sup> / <sub>16</sub>	18 <sup>3</sup> / <sub>4</sub>

The approximate number of common shareholders at January 29, 2000 was 45,375.

The Company declared four quarterly dividends of \$.035 per share for fiscal 2000 and \$.03 per share for fiscal 1999.

## SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Earnings per share amounts in the following table reflect the effect of the two-for-one stock split distributed in June 1998.

<i>In Thousands Except Per Share Amounts</i>	<i>First Quarter</i>	<i>Second Quarter</i>	<i>Third Quarter</i>	<i>Fourth Quarter</i>
<b>Fiscal year ended January 29, 2000</b>				
Net sales	\$1,930,506	\$2,102,851	\$2,235,054	\$2,526,936
Gross earnings*	511,714	517,603	588,784	597,846
Income before cumulative effect of accounting change	122,274	115,881	151,717	136,950
Diluted earnings per share	.38	.36	.48	.44
Net income	117,120	115,881	151,717	136,950
Diluted earnings per share	.36	.36	.48	.44
<b>Fiscal year ended January 30, 1999 – Pro Forma</b>				
Net sales	\$1,753,748	\$1,867,668	\$2,003,503	\$2,323,952
Gross earnings*	436,715	447,286	537,223	569,962
Income from continuing operations	82,427	85,803	128,337	136,335
Diluted earnings per share	.24	.25	.39	.41
Net income	82,427	85,803	119,289	136,335
Diluted earnings per share	.24	.25	.36	.41
<b>Fiscal year ended January 30, 1999 – As Reported</b>				
Net sales	\$1,775,847	\$1,864,236	\$2,026,578	\$2,282,440
Gross earnings*	445,586	445,746	546,077	554,277
Income from continuing operations	87,767	84,876	133,667	126,892
Diluted earnings per share	.26	.25	.40	.39
Net income	87,767	84,876	124,619	126,892
Diluted earnings per share	.26	.25	.38	.39

\* Gross earnings equal net sales less cost of sales, including buying and occupancy costs.

Net income for the third quarter of fiscal 1999 includes an after-tax charge of \$9.0 million as a loss from discontinued operations relating to lease obligations, primarily for the Company's Hit or Miss stores.

During the fourth quarter of fiscal 2000, the Company changed its method of accounting for layaway sales. (See Note A to the financial statements.) Quarterly results for fiscal 2000 in the table above have been restated to reflect the change in accounting. The cumulative effect of this change for periods prior to January 31, 1999 of \$5.2 million, net of income taxes of \$3.4 million, is included in net income of the first quarter. The year-to-date effect of this change on fiscal 2000 was immaterial. The effect of this change on quarterly net income and related earnings per share in fiscal 2000 follows (in thousands except per share amounts):

<i>Quarter</i>	<i>Effect of Change in Fiscal 2000</i>	
	<i>Net Income</i>	<i>Net Income Per Share</i>
First	\$(5,388)	\$(.01)
Second	1,202	-
Third	(5,257)	(.02)
Fourth	9,261	.03
Full Year	\$ (182)	\$ -

# BOARD OF DIRECTORS

Bernard Cammarata  
Chairman of the Board,  
The TJX Companies, Inc.

Edmond J. English  
President and  
Chief Executive Officer,  
The TJX Companies, Inc.

Dennis F. Hightower  
Professor of Management,  
Harvard Business School  
Retired President,  
Walt Disney Television  
and Telecommunications

Richard Lesser  
Executive Vice President  
President, The Marmaxx Group,  
The TJX Companies, Inc.

Arthur F. Loewy  
Former Chief Financial Officer,  
Zayre Corp.

John M. Nelson  
Lead Director,  
The TJX Companies, Inc.

John F. O'Brien  
President,  
Allmerica Financial Corporation

Robert F. Shapiro  
Partner,  
Klingenstein, Fields & Co., L.L.C.

Willow B. Shire  
Executive Consultant,  
Orchard Consulting

Fletcher H. Wiley  
Executive Vice President and  
General Counsel,  
PRWT Services, Inc.

# COMMITTEES OF THE BOARD OF DIRECTORS

## *Executive Committee*

John M. Nelson, Chairman  
Bernard Cammarata  
Edmond J. English  
John F. O'Brien

## *Audit Committee*

Fletcher H. Wiley, Chairman  
Dennis F. Hightower  
Arthur F. Loewy  
John M. Nelson, ex-officio

## *Executive Compensation Committee*

Robert F. Shapiro, Chairman  
Dennis F. Hightower  
John M. Nelson, ex-officio  
John F. O'Brien  
Willow B. Shire

## *Finance Committee*

Arthur F. Loewy, Chairman  
Edmond J. English  
John M. Nelson, ex-officio  
John F. O'Brien

## *Directors and Corporate Governance Committee*

Willow B. Shire, Chairperson  
John M. Nelson, ex-officio  
Robert F. Shapiro  
Fletcher H. Wiley

# CORPORATE OFFICERS

Bernard Cammarata  
Chairman of the Board  
Edmond J. English  
President and  
Chief Executive Officer

## *Executive Vice Presidents*

Donald G. Campbell  
Chief Financial Officer

Richard Lesser  
President, The Marmaxx Group

Peter A. Maich  
Group Executive

## *Senior Vice Presidents*

Joseph K. Birmingham  
Property Development

Robert J. Hernandez  
Information Services

Jay H. Meltzer  
Secretary and  
General Counsel

George Sokolowski  
Marketing

## *Vice Presidents*

Alfred Appel  
Susan Beaumont  
Don Christensen  
James Ferry  
Mark O. Jacobson  
Louis Julian  
Sherry Lang  
Attilio LaPira  
Christina Lofgren  
Ann McCauley  
Dennis Najjar  
Stanley Oldfield  
Irving Ritz  
Michael Skirvin  
David Weiner

## *Treasurer*

Mary B. Reynolds



# DIVISIONAL MANAGEMENT

## The Marmaxx Group\*

Edmond J. English  
Chairman

Richard Lesser  
President

*Executive Vice  
Presidents*

Arnold S. Barron  
Chief Operating Officer

Carol Meyrowitz  
Merchandising

David Weiner  
Finance and Systems

*Senior Vice Presidents*  
Douglas Benjamin  
Inventory Management

Paul Butka  
Systems

Robert Garofalo  
Store Operations

Ernie Herrman  
Merchandising

Peter Lindenmeyer  
Distribution Services

Bruce Margolis  
Human Resources

Michael Tilley  
Store Operations

*Vice Presidents*

Denise Adams

Nancy Bakacs

James Beatrice

James Buckley

Margaret H. Bynoe

Norman Cantin  
Christopher Cason

Douglas Chastain  
Daniel Cline

Karen Coppola  
Joseph Domenick

Robert Dugan  
Amy Fardella

Gery Fischer  
Scott Goldenberg

Kerry Hamilton  
Linda Hansen

Isabel Hart  
Victor Hernandez

Steven Huggins  
Paul Kangas

James Keenan  
Miriam Lahage

Herbert S. Landsman  
Celine Lewis

Louis Luciano  
Laurie Lyman

Robert MacLea  
Nancy Maher

Michael Manoogian  
Michael E. McGrath

Andrew Miller  
Douglas Mizzi

Tom Morin  
Michael O'Connell

Mary Ann Parizo  
Christine Potter

Jeanne Pratt  
Fred Rapp

Richard Sherr  
Simon Tuma

Martin Whitmore  
Sally Whitworth

Claudia Winkle

## Winners Apparel Ltd.

Peter A. Maich  
Chairman

David Margolis  
President

*Executive Vice  
President*

Michael MacMillan  
Finance, Systems and  
Distribution

*Senior Vice Presidents*

Heather Arts  
Merchandising

Sam Indingaro  
Merchandising

*Vice Presidents*

Michael Barrison  
Annette Cyr

Prentice Gove  
Susan Haslam

Connie McCulloch  
Selma Rotman

Jeffrey Ryckman  
Russ Schaller

## HomeGoods

Peter A. Maich  
Chairman

Jerome R. Rossi  
President

*Vice Presidents*

Robert Cataldo  
Lisa Panattoni

Colin W. Wren

## T.K. Maxx

Edmond J. English  
Chairman

Alex Smith  
Managing Director

*Senior Vice Presidents*

Gordon Bullock  
Store Operations,  
Property Development  
and Human Resources

David Hendry  
Finance, Systems  
and Distribution

Cath Norgate  
Merchandising

Paul Sweetenham  
Merchandising

*Vice Presidents*

Roger Bannister  
Deborah Dolce

Jane Marriott  
Terry Reynolds

Patrick Turnbull

## A.J. Wright

Peter A. Maich  
Chairman

George Iacono  
President

*Senior Vice President*

Robert Arnold  
Administration and  
Operations

\*Designates combined internal  
organization of T.J. Maxx and  
Marshalls.

## STORE LOCATIONS (AT 1/29/00)

	<i>United States</i>			
	<i>T.J. Maxx</i>	<i>Marshalls</i>	<i>HomeGoods</i>	<i>A.J. Wright</i>
Alabama	10	3	-	-
Arizona	8	4	-	-
Arkansas	5	-	-	-
California	47	70	2	-
Colorado	8	4	-	-
Connecticut	24	19	4	1
Delaware	3	3	-	-
District of Columbia	1	-	-	-
Florida	46	42	5	-
Georgia	25	20	1	-
Idaho	1	-	-	-
Illinois	33	36	4	-
Indiana	9	4	-	-
Iowa	4	1	-	-
Kansas	4	3	-	-
Kentucky	9	2	1	-
Louisiana	5	5	-	-
Maine	5	1	1	-
Maryland	8	14	-	2
Massachusetts	43	38	11	5
Michigan	30	8	-	2
Minnesota	12	10	1	-
Mississippi	5	-	-	-
Missouri	6	7	-	-
Montana	1	-	-	-
Nebraska	2	1	-	-
Nevada	4	3	-	-
New Hampshire	10	7	3	-
New Jersey	16	31	2	-
New Mexico	1	-	-	-
New York	41	38	3	-
North Carolina	20	14	1	-
North Dakota	3	-	-	-
Ohio	35	9	4	-
Oklahoma	3	1	-	-
Oregon	5	3	-	-
Pennsylvania	30	18	3	-
Puerto Rico	-	13	-	-
Rhode Island	5	3	1	2
South Carolina	10	5	-	-
South Dakota	1	-	-	-
Tennessee	16	7	-	-
Texas	27	29	-	-
Utah	5	-	-	-
Vermont	2	-	-	-
Virginia	24	20	1	3
Washington	8	4	-	-
West Virginia	1	-	-	-
Wisconsin	11	5	3	-
Total Stores	632	505	51	15

<i>Canada</i>	
<i>Winners Apparel Ltd.</i>	
Alberta	14
Manitoba	4
Ontario	51
Quebec	14
Nova Scotia	2
Saskatchewan	2
British Columbia	9
New Brunswick	2
Newfoundland	1
Prince Edward Island	1
Total Stores	100

<i>Europe</i>	
<i>T.K. Maxx</i>	
United Kingdom	49
Republic of Ireland	2
Netherlands	3
Total Stores	54

The HomeGoods store locations include the HomeGoods portion of a T.J. Maxx 'N More and a Marshalls Mega-Store.

## SHAREHOLDER INFORMATION

### *Transfer Agent and Registrar Common Stock*

EquiServe Limited Partnership  
P.O. Box 8200  
Boston, Massachusetts 02266-8200  
1-800-426-5523

### *Trustees*

#### *Public Debentures*

6<sup>5</sup>/<sub>8</sub>% Promissory Notes  
7% Promissory Notes  
7.45% Promissory Notes  
Bank One Trust Company,  
National Association  
Chicago, Illinois

### *Auditors*

PricewaterhouseCoopers LLP

### *Independent Counsel*

Ropes & Gray

### *Form 10-K*

Information concerning the Company's operations and financial position is provided in this report and in the Form 10-K filed with the Securities and Exchange Commission. A copy of the 10-K may be obtained without charge by writing or calling:

The TJX Companies, Inc.  
Investor Relations  
770 Cochituate Road  
Framingham, Massachusetts 01701  
(508) 390-2323

### *Investor Relations*

Analysts and investors seeking financial data about the Company are asked to visit our corporate Website at [www.tjx.com](http://www.tjx.com) or to contact:

Sherry Lang, Vice President,  
Investor and Public Relations  
(508) 390-2323

### *Annual Meeting*

The 2000 annual meeting will be held at 11:00 a.m. on Tuesday, June 6, 2000 at FleetBoston (formerly BankBoston), Lobby Auditorium, 1st Floor, 100 Federal Street, Boston, Massachusetts

### *Executive Offices*

Framingham, Massachusetts 01701

### *For the Store Nearest You, Call:*

T.J. Maxx: 1-800-2-TJMAXX  
Marshalls: 1-800-MARSHALLS  
Winners: 1-800-646-WINN (in Canada)  
HomeGoods: 1-800-614-HOME  
T.K. Maxx: (01923) 473797 (in the U.K.)  
A.J. Wright: 1-888-SHOPAJW

### *Visit our Divisional Websites:*

[www.tjmaxx.com](http://www.tjmaxx.com)  
[www.marshallsonline.com](http://www.marshallsonline.com)

**TJ·maxx®**

Marshall's



HomeGoods®

**T·K·maxx™**

A.J. Wright

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